





## YALTA, AN EPOCH, 1945-1990

## A Witness to Yalta and Its Myths

By Sir Frank Roberts  
International Herald Tribune

LONDON — I must be one of the few surviving participants in the Yalta Conference, where I was directly concerned with the German and Polish questions. Roosevelt and Churchill had tried hard to persuade Stalin to meet them on Western ground but, despite Roosevelt's seniority and ill health, Stalin insisted on Yalta, which Churchill described as probably the most unsuitable place that could have been found.

He gave way, however, with a message to Roosevelt: "So let it be Yalta. We'll first meet in Malta. Let none of us falter."

With some difficulty Churchill persuaded Roosevelt, who was anxious to avoid any appearance of Anglo-Saxon "ganging up," to clear our Western positions in Malta, where I first saw Roosevelt. His appearance, with death a few weeks away, caused dismay.

Then came the flight to Simferopol and a 100-kilometer car journey over the mountains to the Crimean Riviera, with Soviet soldiers, men and women, lining the route at intervals of a few meters, despite the many other claims on the Soviet armed forces.

The Germans had left such a trail of destruction in the area that there were few suitable houses still standing. The conference participants were very widely scattered and only the most senior saw each other frequently outside meetings.

These were held in the czar's old palace of Livadia, which was also Roosevelt's residence. Churchill was housed about 20 kilometers away in the Vorontsov Palace, the villa of a czarist ambassador to London, with marble lions lining the path down to the Black Sea. The more junior British officials were housed more sparsely down the road to Balaklava and Sebastopol many kilometers farther away, where a British ship provided a base headquarters and communications center.

These conditions were not conducive to the informal exchanges at all levels that facilitate official discussion at international conferences. And there were, of course, no journalists, with everything under absolute Soviet control.

All this contributed to the many myths surrounding Yalta.

The first was that Roosevelt and Churchill had been outwitted by Stalin and that this had been made all the easier by Roosevelt's obvious ill health. In fact, the president led the entire conference with complete authority and got from it what he had come to get.

Another myth is to regard Yalta as the final peace conference after World War II, at which Europe was divided between the victors — in essence another Vienna or Versailles settlement. In fact, it was only one of a long series of tripartite meetings, often at the level of foreign ministers but marked at the summit meetings in Tehran in 1943, Moscow in 1944 and Yalta and Potsdam in 1945.

The most dangerous and misleading myth was that the Big Three at Yalta drew lines, as it were, on a blank map of Europe, carving it up among themselves. In fact, they had to accept and react to military realities, the first of which was that the Red Army had liber-



'So let it be Yalta. We'll first meet in Malta. Let none of us falter.'

ated and occupied Eastern Europe, including the whole of Poland.

Marshal Tito told me in 1956 after the Soviet repression of the Hungarian revolution that we were only able to discuss this together because he had liberated Yugoslavia himself and because the Red Army units involved had rapidly moved on into Hungary. The victories of the British-American forces in North Africa, the Mediterranean and the Middle East were equally effective in frustrating Stalin's ambitions there.

The criticism that the Western leaders "gave" Poland and Eastern Europe to Stalin is therefore meaningless.

Turning from myth to reality, Eastern Europe, important though it was, was only one of four main issues at Yalta.

The first and most pressing was to achieve victory over Hitler and to organize the occupation of Germany. On this there was general agreement.

Contentious issues, and in particular reparations, were left for decision at Potsdam. Arrangements to return prisoners of war and the many refugees and forced laborers in Central Europe to their own countries, which have caused so much legitimate concern in later years, appeared in 1945 to be a normal part of any postwar settlement. There was little, if any, sympathy for Soviet and Yugoslav nationalists who had fought on Hitler's side.

In the context of Germany, Roosevelt delighted Stalin but alarmed Churchill by declaring his intention to withdraw American troops from Europe within two years. This led Churchill to insist, against strong resistance from Roosevelt and Stalin, on France's being included in the occupation of Germany and of Berlin, which, however, earned little gratitude from de Gaulle.

Roosevelt's main priorities were, first, to secure Soviet cooperation in setting up a more effective United Nations than the League of Nations had proven to be after World War I and, second, to get Stalin's agreement to enter the war against Japan. Otherwise that war was expected, despite the existence of the first few atomic bombs, to result in hundreds of thousands of American dead before final victory.

He succeeded in both these goals at the

cost of concessions to Stalin and of some strain on British-American relations. I recall one meeting when Roosevelt, playing up to Stalin, so offended Churchill by dismissing him as an old-fashioned imperialist that he left the conference table and had to be coaxed back to it, not by Roosevelt but by Stalin.

Eastern Europe was the fourth main issue and the one with which Yalta is mainly associated.

This was Stalin's priority and only to a slightly lesser extent Churchill's. He had a debt of honor to Poland, for whom Britain had gone to war in the first place and whose fighting men had given such a good account of themselves.

Stalin had shown his hand in the Ribbentrop-Molotov Pact of 1939. In the secret protocol he had obtained the restoration of something very like the old czarist frontiers. His gains included the Baltic states, Bessarabia (Moldavia), Bukovina, the eastern provinces of Poland and parts of Finland, all lost in 1941. But the Red Army won them back, and he was not going to give up in victory Soviet hegemony and eventual Communist control of Eastern Europe.

This was the hard reality against which Churchill battled, without very strong support from Roosevelt. They did indeed obtain a Polish settlement, which included the Polish Provisional Government of National Unity and free elections and which, on paper, was not too unsatisfactory.

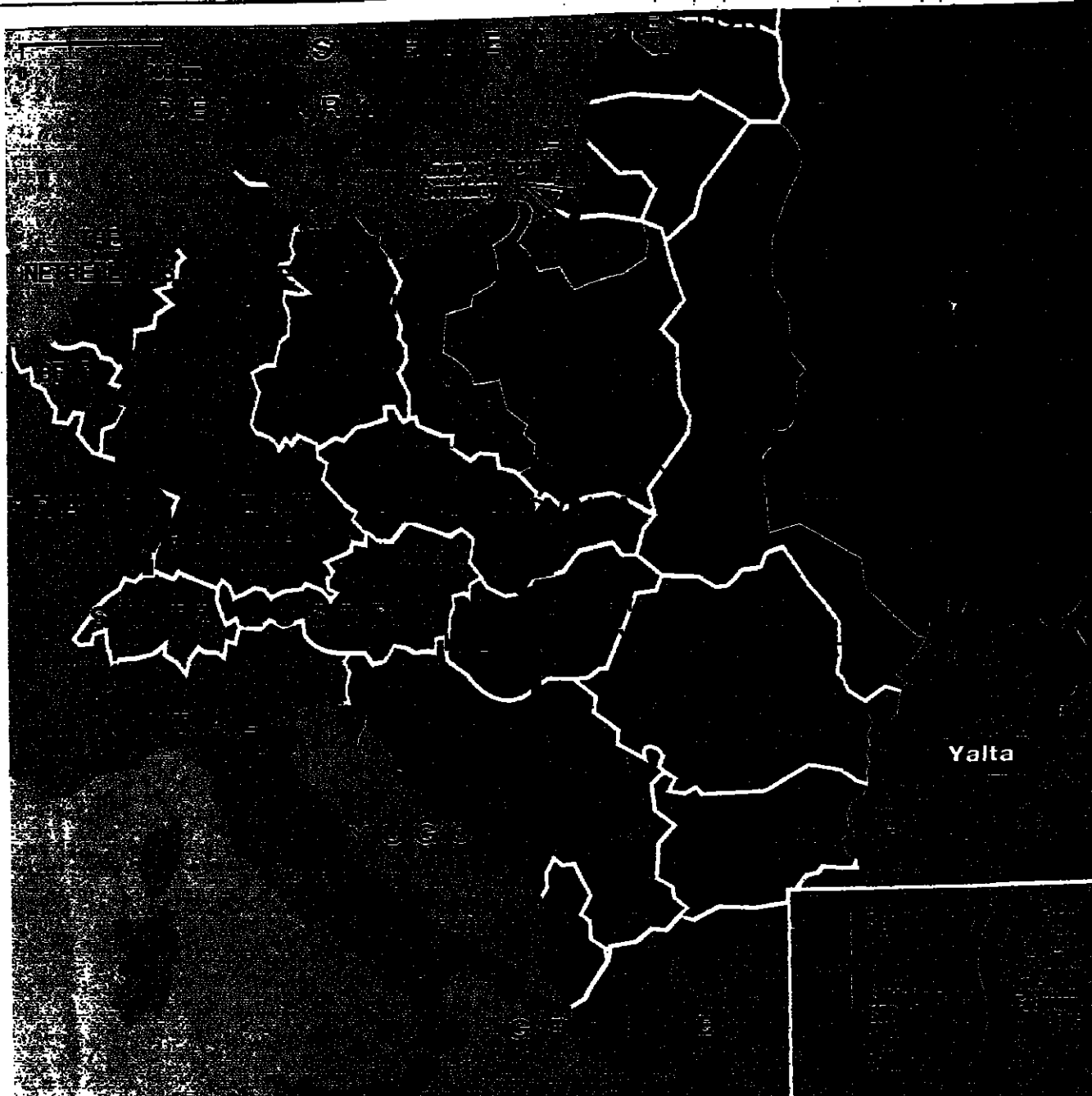
The Declaration on Liberated Europe that accompanied the agreement on Poland provided for free elections and normal democratic liberties through Eastern Europe. Both were respectable diplomatic documents. The trouble, as many of us had feared, was that Stalin ignored their constraints and interpreted such Western concepts as free elections and democratic liberties in his own way.

The question remains: Could the West have done more at Yalta for Eastern Europe? While at the time I should have welcomed more robust support from Roosevelt, today my answer is no.

In the climate of wartime alliance and within sight of a victory to which the Soviet people had made such an immense contribution, it was politically impossible to have resorted to threats — for example that of the atomic bomb or even the withdrawal of post-war economic assistance.

The only possible sanction would have been a refusal to sign the Polish agreement or the Declaration on Liberated Europe, acceptable though these documents were in themselves. This would have done no good in Eastern Europe, would have released Stalin from any stigma in failing to observe their terms and would have jeopardized cooperation on the many other major issues under negotiation at Yalta. We still had to work with Stalin in Germany and Austria and later against Japan and in the United Nations.

Sir Frank Roberts attended the Yalta conference as a member of the British delegation on his way to Moscow to serve as minister. Previously he was head of the central department of the Foreign Office, responsible for Polish and German affairs.



## Europe

Map shows the borders of the major powers at the time of the Yalta Conference. The map is divided into several regions, with labels for 'Yalta' and 'Europe'.

**Bulgaria**  
Yalta's pledge: The Allies would advise elections, but there were no elections concerning the 'free' and 'democratic' powers in the Allied Control Commission.  
Outcome: A Communist government imposed by Soviet forces in place of the consolidated by elections in November 1945 held under Soviet occupation despite futile protests from U.S. and British officials.

## Undoing Yalta: Europe's New Lines

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matic blessing to the integration of Eastern Europe into the Soviet empire.

Long a reluctant participant, the United States has gradually become an enthusiastic supporter of the security conference as the Western interpretation of the Helsinki process prevailed. Under its auspices, broader East-West contacts, far from comforting Communist dictatorships, helped promote the changes in the East that ultimately swept away Soviet control.

In seeking international commitments to replace Yalta, what matters most — today as then, as Sir Frank Roberts deftly lays out in his recollections of the participants' motivations at the conference — are the realities of power and interests.

Turmoil and racism in the 1930s undermined democracies throughout Europe and condemned the Continent to war, Yalta and its aftermath, and a lengthy convalescence.

The difference today is that the West possesses elements of stability that proved their value in coping with the cycles of postwar history, sturdy enough to resist intimidation by enemies and resilient enough to surmount tensions among allies.

Advancing the most ambitious and most detailed blueprint for the post-war world, Secretary of State James A. Baker 3d said in Berlin in December that the key pillars of a new architecture for Europe should be the North Atlantic Treaty Organization for security affairs; the European Community for economic issues; and the 35-nation Conference on Security and Cooperation in Europe for promoting democratic change in European nations, the Soviet Union and the United States.

In the visionary long term, a new Europe would be a network of regions. The success of this democratic reach and grasp would attract Japan and others, relegating to global administrative functions the United Nations, the last casualty of Yalta.

Warily regarded by successive U.S. administrations long after West European governments grasped its potential, the Conference

on Security and Cooperation in Europe has gained American acceptance as a supple diplomatic forum. It could become the midwife of a Europe remolded regionally, its ethnic conflicts cured by frontier changes and local autonomy. Such a transformation is long overdue in both parts of Europe but largely blocked by the pressures of the East-West conflict.

Adjusting Europe's borders could free extremist passions to recover lost territories, as Leszek Kolakowski cogently demonstrates in his accompanying article. Such passions are only one factor driving events in regions groping for stability.

In broad strokes, these are the major problems:

• Eastern Europe, joyous at regaining an opportunity for democracy but without practice in it for 40 years, may fall prey to nationalism poisoned by racism. Demagogic leaders, driven to extremes by economic desperation, may exploit ethnic tensions involving minorities blocked behind the frontiers of other nations.

• Central Europe is haunted by the German question. Germans themselves are among the most articulate in debating how a reunited country can guarantee that it stays clear of the spiral of ambition alternating with frustration that twice in this century destroyed Europe.

• Western Europe, buoyed by prosperity, democracy and unity to a degree that no one could have foreseen amid the postwar ruins and resentments, must decide how far it is willing to go to become an equal partner with the superpowers.

• As Soviet power shrinks, mutual confidence is replacing military guarantees. But this uncharted transition will require extraordinary political determination in the West.

Increasingly, Western governments reject suggestions that they should dilute successful institutions to compensate for the collapse of the Soviet empire. They often ask these rhetorical questions:

• Should the demise of Comecon, an artificial entity, condemn the EC, whose future has never been brighter?

• With the prospect of years of instability in Eastern Europe, is it wise to dismantle the apparatus of Western military cooperation in NATO that gives the West a bulwark against whatever may boil up in the East?

• If the militaries, the least-tainted national organizations in Eastern Europe, ultimately take power, will the West have any better instrument to promote changes there than the security conference that helped undermine Communist dictatorships?

The rival Soviet concept, the "common European house" promoted by Mikhail S. Gorbachev, has gone through stages in its Western regard. Initially, the concept seemed to offer the promise of early moves by the Soviet Union to adopt Western values. Then it took on the appearance of an offer of coexistence arrangements in which Soviet power would still be capable of "Finlandizing" Europe into accommodating Soviet interests.

Now it is dismissed as a glib phrase masking the Soviet retreat from Eastern Europe. The proposal for European confederation advanced by President François Mitterrand of France and cautiously supported by Chancellor Helmut Kohl of West Germany emphasizes West European political unity while extending hope to Eastern Europe that it can be heard, if not necessarily always heeded, from the start of the slow process of shaping a single Europe.

This vision has the appeal of evoking a European continent consisting of a colorful patchwork of distinct yet complementary nations.

This approach has been succinctly formulated by Lawrence Freedman, professor of war at King's College in London: "In the absence of any compelling ideas for a collective security system for the new Europe, an optimistic assessment of the self-restraint of democratic states may be the best on offer."

That carries an obvious risk. Echoing the well-intentioned Western statement at Yalta, it may prove overconfident in its reliance on political goodwill and tragically impotent in confronting national ambitions and the threat of tomorrow's weapons.





## YALTA, AN EPOCH, 1945-1990

## How It Looks Now to Winners and Losers

## Warsaw: A Yalta Read Right Would Mean Another World

By Leszek Kolakowski

International Herald Tribune

OXFORD, England — Until recently people in Poland who tried to justify the permanence of the Communist order on practical, rather than ideological, grounds — and so enable their own servility — used to repeat one word: "Yalta."

This meant, "There is an international agreement, signed by Western powers, i.e. Churchill and Roosevelt, with Stalin, to the effect that Central Europe will forever remain a property of the Soviet Union."

Had those people ever read the actual text of the Yalta protocol? One may doubt it. This text says nothing about Poland's being a part of the Soviet bloc, let alone about its de facto unsovereignty status.

Rather, it reassures Poland's independence, calls for the restoration of democratic institutions and foresees free elections in which all "democratic" parties would take part.

And so, what is wrong with Yalta? Rather than cry for the invalidation of the Yalta agreement, should we not insist on its implementation?

After all, no free elections were carried out in Poland after 1945. Was not the failure of execution, rather than the content of the agreement, the source of the subsequent Sovietization of the whole of Central Europe? (So argued Edward R. Steinhilber, Jr., the U.S. secretary of state in 1945, in his book on the subject, "Roosevelt and the Russians: The Yalta Conference," and so do some people today.)

Not quite. Apart from moving Poland's borders westward and accepting the annexation of the country's prewar eastern territories by the Soviet Union — conforming to the then-unknown secret part of the Ribbentrop-Molotov Pact of 1939 — the Yalta agreement accorded recognition to the provisional government, which was controlled by the Communist Party and people Stalin could trust. The Polish government in exile, which until then was recognized by most of the Polish people and by the Western Allies, automatically lost its legitimacy.

In this way, but without saying so, Yalta accepted Soviet control of Poland and allowed Stalin to decide which parties were "democratic" in Poland, Czechoslovakia and Hungary.

Why does it matter? The forcible incorporation of Poland as a nominally sovereign ally into the Soviet empire was caused not by the Yalta agreement but by the vicissitudes of war and the presence of the Red Army on Polish soil. And, apart from a war against the Soviet Union, the Allies did not have the means to prevent the Soviets from imposing their political order on territories they had conquered and from converting East Germany into their military base.

Again, this is not quite the case. To be sure, Yalta was not the cause of Poland's postwar destiny, and the Western powers were incapable of undoing the presence of the Red Army.

But the agreement provided Stalin's insatiable hunger for territories with an ambiguous legitimacy. Was it inevitable? Hardly. The annexation of Baltic countries has never been recognized by the United States. This lack of recognition has not helped change the lot of those enslaved nations, but it might help right now, and, in terms of both international law and decency, it was important.

In this sense it was not wrong for the Poles to use "Yalta" as a symbolic word for "betrayed by the West." (The agreement, let us remember, did not specifically define Poland's new Western borders. It did, however, define the Curzon Line on the east; this expression has always been used by the Soviets, as it provided the "line" with a Western hue and thus with a sort of respectability. In reality, Lord Curzon's proposal of 1920 concerned the line of armistice and not the permanent state boundary.)

But nobody knows what would have happened if Britain and the United States had stuck to the rules of decency and refused to recognize the new colonial order.

One is sometimes tempted to think — it will probably be impossible ever to prove it — that what Stalin took seriously was not the Yalta protocol with its ambiguities but his grotesque conversation with Churchill some months earlier about the "percentage" of influence that the West and the Soviet Union would each have in various countries.

Stalin could quite reasonably believe that he had been given a free hand in Poland, and he did not help the Communist uprising in Greece and did not invade Yugoslavia in 1948.

I am not competent to discuss the legal status of the Yalta agreement. Some lawyers argue that it was not an international treaty but rather a declaration of intent and therefore has no legally binding force.

This hardly removes blame from the signatories. Since the agreement was reached without consulting any Central European nation, it is not wrong to perceive it as Stalin's abuse endorsed by Roosevelt and Churchill — cheerfully by the former, less so by the latter.

Whatever the legal position of Yalta might be, the process of "undoing Yalta" — of Central European states regaining sovereignty and escaping Soviet imperial power — has begun. And it is reasonable to expect that the recovery of sovereignty will be completed even if we see a temporary regression in the Soviet Union's political development.

Yet there is another part of the Yalta legacy that it would be undesirable to try to reverse: postwar European borders. Or rather, the borders of Poland.

The Soviet Union annexed parts of almost all its neighbors' territory: Finland, Poland, Czechoslovakia, Romania, Japan and Germany. The new geography of Poland — its borders with West Germany on the west and with the Ukraine, Byelorussia and Lithuania on the east — is by far the most important innovation in postwar Europe and there are good reasons to argue that those borders should stay as they are.

This is not because they are "just," according to joint legal, ethnic and historical criteria.

It is perfectly true to say that the boundaries of Central and Eastern Europe were defined by Stalin's arbitrary decrees, with the connivance of Allies and without the involvement of any representatives of the nations concerned; that the people of the annexed territories were never asked in which state they preferred to live; that there were depor-



tations of millions with untold suffering and misery; that there has been no formal treaty to end the war.

All this being true, arguments for recognizing the permanence of existing borders seem stronger than those against the notion. (They affect neither the eventual reunification of Germany nor the possible independence of western Soviet republics, of course.)

Since legal, historical and ethnic criteria obviously conflict with each other, there is absolutely no way of stating what belongs to whom according to the rules of justice and no way that the existing geography could be altered in a peaceful way. Those who say, "by negotiations, without violence" try to cheat you and use and themselves.

Any alteration involves war. In such a war no aggressor would have international support, no matter what arguments he might employ to further his cause. Any attempt to gain old or new territories will be internationally condemned.

The borders have been in existence for 45 years and a third generation is growing up on territories that might be disputed. One may expect that after the ruin of communism, in a better-ordered Europe, with open borders and democratic institutions restored, current resentments and latent aggressive intentions will fade and ethnic minorities will not be persecuted. Any territorial claims readjustments might bring about a misery that will make us yearn for the Stalin-imposed order of Yalta.

In this sense the process of undoing Yalta will probably never be complete. Some legacy is going to stay with us, as always has been the case after major wars in Europe. No miracle will return the 1938 European order, and we will not be 50 years younger, alas.

Leszek Kolakowski is professor of the history of philosophy at Warsaw University from 1959 until his expulsion for political reasons in 1968. He is now a fellow of All Souls College at Oxford University. He wrote this article for the International Herald Tribune.

## Moscow: Conference's Aims Pronounced Alive and Well

By Don Oberdorfer

The Washington Post

MOSCOW — On the eve of the meeting between George Bush and Mikhail S. Gorbachev in the Mediterranean last December, the Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, quipped about a progression of historic events "from Yalta to Malta." On arrival at the storm-tossed island a few days later, Mr. Gerasimov was surprised to find his offhand phrase emblazoned on stacks of T-shirts being hawked at souvenir stands.

"A specter is haunting Europe — the specter of a new Yalta," wrote Gennadi Shishkin, deputy director of the Soviet press agency Tass, as Mr. Bush and Mr. Gorbachev prepared to gather at Malta. The apparition is being used, he wrote in a special article distributed in Moscow, "to try and scare both the West and the East."

As these incidents suggest, the 1945 conference in the Soviet Crimea still reverberates through the public consciousness 45 years later. For many in the West, the final meeting of Roosevelt, Churchill and Stalin became a symbol of postwar perfidy by the Soviet Union. But diplomats and historians in Moscow see it in a very different way.

Andrei A. Gromyko, who participated in the Yalta conference as Soviet ambassador to the United States, wrote in his memoirs shortly before he died last year that it was "pure fantasy" to present the decisions of the Yalta conference "as if they were intended to carve Europe up into spheres of influence for the great powers."

Listing major positive points on which the Big Three agreed at Yalta, Mr. Gromyko quoted Roosevelt's statement to Congress after the meeting: "This conference means the end of the system of unilateral action, closed alliances, spheres of influence and all the political intrigue that was indulged in for centuries."

Valentin Berezikov, a Soviet editor and historian who attended many wartime conferences as a diplomat and has written about them extensively, said an earlier Kremlin meeting between Stalin and Churchill, rather than the Yalta conference itself, was largely behind what he called "a myth that Yalta was responsible for the division of Europe."

In an interview, Mr. Berezikov said he was present as an interpreter when Churchill presented Stalin in a 1944 Kremlin meeting with a now-famous paper suggesting the division of Romania, Greece, Yugoslavia, Hungary and Bulgaria into spheres of influence worked out in mathematical proportions.

"Stalin looked at the paper without saying a word," Mr. Berezikov recalled. But, he added, Stalin did place a big check mark on the document, which was cited by Churchill as denoting his acceptance.

In any event, Mr. Berezikov said, neither the percentage-of-control paper nor any similar concept was even mentioned at Yalta. Mr. Berezikov did not attend the Yalta conference but said he had read the Soviet record of the meeting while writing his 1972 book, "The Road to Potsdam," about the wartime conferences.

"Yalta came at the time when there was still a hope we could continue our wartime relationship after the victory," Mr. Berezikov said. "The Stalin-Roosevelt relationship was at a high point, with a considerable degree of mutual trust."

But Roosevelt died two months after Yalta, to be succeeded by Harry S. Truman and the start of intense hostility. "If Roosevelt had lived longer, it might have been possible to avoid the excesses of the Cold War," Mr. Berezikov said.

At the time of the Yalta conference, Soviet troops had occupied Romania, Bulgaria, Albania, nearly all of Poland and large parts of Czechoslovakia, Hungary and Yugoslavia — all in the final push against Nazi Germany. This fact, rather than a Yalta agreement, appears to have been the key element in the pro-Soviet East European governments that emerged after Yalta.

Andrei Alexandrov-Agentov, who was a Soviet diplomat in the 1940s and who was later a foreign policy aide to Soviet leaders from 1962 to 1986, said the wartime conferences at Tehran, Yalta and Potsdam were regarded today as a single "complex" of meetings.

Now an adviser to the Soviet Foreign Ministry, Mr. Alexandrov-Agentov said the Soviet Union "considered it had the right to a secure and calm life in the future" after its immense losses in World War II.

"People had seen too much of how difficult it was to be surrounded by unfriendly states that could be used as a launching point for an attack on the Soviet Union," he added.

Mr. Alexandrov-Agentov said he was certain that the Yalta conference was not intended by Stalin to be a basis for combating the West. "That system erected after World War II was considered as the basis for a future collaboration with the West," he said.

Since the onset of the Cold War, the results of Yalta have been described in the West as "the world's division into spheres of influence," Mr. Shishkin of Tass noted in his recent dispatch.

The Soviet Union, he wrote, sees the meeting quite differently: "For us, the Yalta conference was a major historic event that laid the foundation for the world's postwar structure."

Don Oberdorfer is a diplomatic correspondent for The Washington Post. He wrote this article for the International Herald Tribune.



Hungarian soldiers cut down the barbed wire marking the border with Austria last spring.

## Yalta's Hopeful Message Of Liberation Was Lost in Stalin's Unkept Promises

By Flora Lewis

The New York Times

PARIS — As Europe emerges from more than four decades of enforced partition along the high tide mark of the Red Army at the end of World War II, it is true that it is "overcoming Yalta" in the sense of undoing Stalin's political map.

But the map was not drawn at Yalta. Nor does history provide grounds for the widespread belief that an ailing Roosevelt "gave away" Eastern Europe. On the contrary, Stalin pledged at what was officially called the Crimea Conference with Roosevelt and Churchill that the Eastern countries would have free elections and democratic governments.

If there was any sphere-of-influence understanding, it was the scrap of paper on which Churchill wrote the famous "percentages" at a meeting with Stalin in October 1944. He had gone to see the Soviet leader in Moscow, primarily concerned about the fate of Greece and seeking to assert his determination that "Britain must be the leading Mediterranean power" after the war.

Five countries were named. In Romania and Bulgaria, which had been Nazi allies, the

Soviets were to have 90 percent to Britain's 10 percent influence. In Greece the shares were reversed. In Hungary and Yugoslavia, they were to be 50-50. Roosevelt was not involved, and the exchange had no formal standing.

By the time of the Yalta meeting, Feb. 4 to 11, 1945, both the Western Allies and the Soviets were engaged in major offensives on the two sides of Germany. Two weeks before, the flow of the war led Churchill to tell his private secretary: "All the Balkans except Greece are going to be Bolshevikized, and there's nothing I can do to prevent it. There is nothing I can do for Poland either."

Nonetheless, he and Roosevelt argued hard at the summit meeting and obtained Stalin's signature to a "Declaration on Liberated Europe" that called for joint Big Three responsibility to make sure the people involved could "create democratic institutions of their own choice."

Later, both W. Averell Harriman, then U.S. ambassador to Moscow, and Charles E. Bohlen, Roosevelt's interpreter and adviser, wondered in their memoirs why Stalin bothered to agree. But he was fighting on other issues and in general trying to make an impression of amiability on his partners.

Their major concern was to keep the alliance intact to obtain Germany's unconditional surrender and get the Soviets into the war on Japan afterward. American military leaders expected about 200,000 U.S. casualties in the final attacks on Japan if the Soviets did not join. (The first successful test of the atomic bomb came in July in the middle of the Potsdam conference, after Roosevelt's death.) The president was also particularly eager for agreement on setting up the United Nations, to keep the peace and to assure that America would not relapse into isolationism.

Poland was a special and recurrent problem. Stalin had been demanding a Soviet western border on the line of the czarist empire, before concessions made in Lenin's Treaty of Brest-Litovsk, which took Russia out of World War I, and before Poland's revival as a state. It was the line he secretly arranged with Hitler just before World War II, and he then occupied the territory.

The Soviets had installed a provisional Polish government behind the Red Army and the best the western leaders could do was extract a commitment to a "strong, free, independent and democratic Poland" with the inclusion of people from the London-based Polish government-in-exile and the resistance. The United Nations founding conference in San Francisco, which began in April, nearly broke up when it was learned that Moscow had arrested the 16 Poles who went to negotiate.

A few years ago a young Pole told me bitterly that he could never forgive the United States for "selling out" his country. There had been some illusions at Yalta that Stalin would keep his promises. Although it soon became evident that he would not, it was also becoming evident that the West's only way to enforce them would be to renew the war in Europe, this time against the Soviet Union, still the heroic ally of Western opinion.

By March 24, 1945, Roosevelt's last day in the White House, he had come to the conclusion that "we can't do business with Stalin. He has broken every one of the promises he made at Yalta," Harriman later recounted. But ending the war and occupying Germany still had its own imperatives.

Harriman wrote that he walked up to Stalin at Potsdam and said: "It must be very gratifying for him to be in Berlin, after all the struggle and tragedy." [Stalin] replied, "Czar Alexander got to Paris." It didn't take much of a clairvoyant to guess what was in his mind. I don't think there is any doubt that, with the strong Communist parties both in Italy and France, he would have extended his domination to the Atlantic if we had not acted to frustrate it.

The dominant atmosphere of the time was relief and joy at victory over the Nazis in Europe. Communist parties appeared to be in the ascendant — they had fought the Fascists. Many still believed in the idealism they professed. And the triumphant Red Army looked irresistible.

"Overcoming Yalta" has taken not only time and a renewed surge of energy from Eastern countries that were exhausted and ravaged by the war but also a profound change of attitudes and perceptions on both sides.

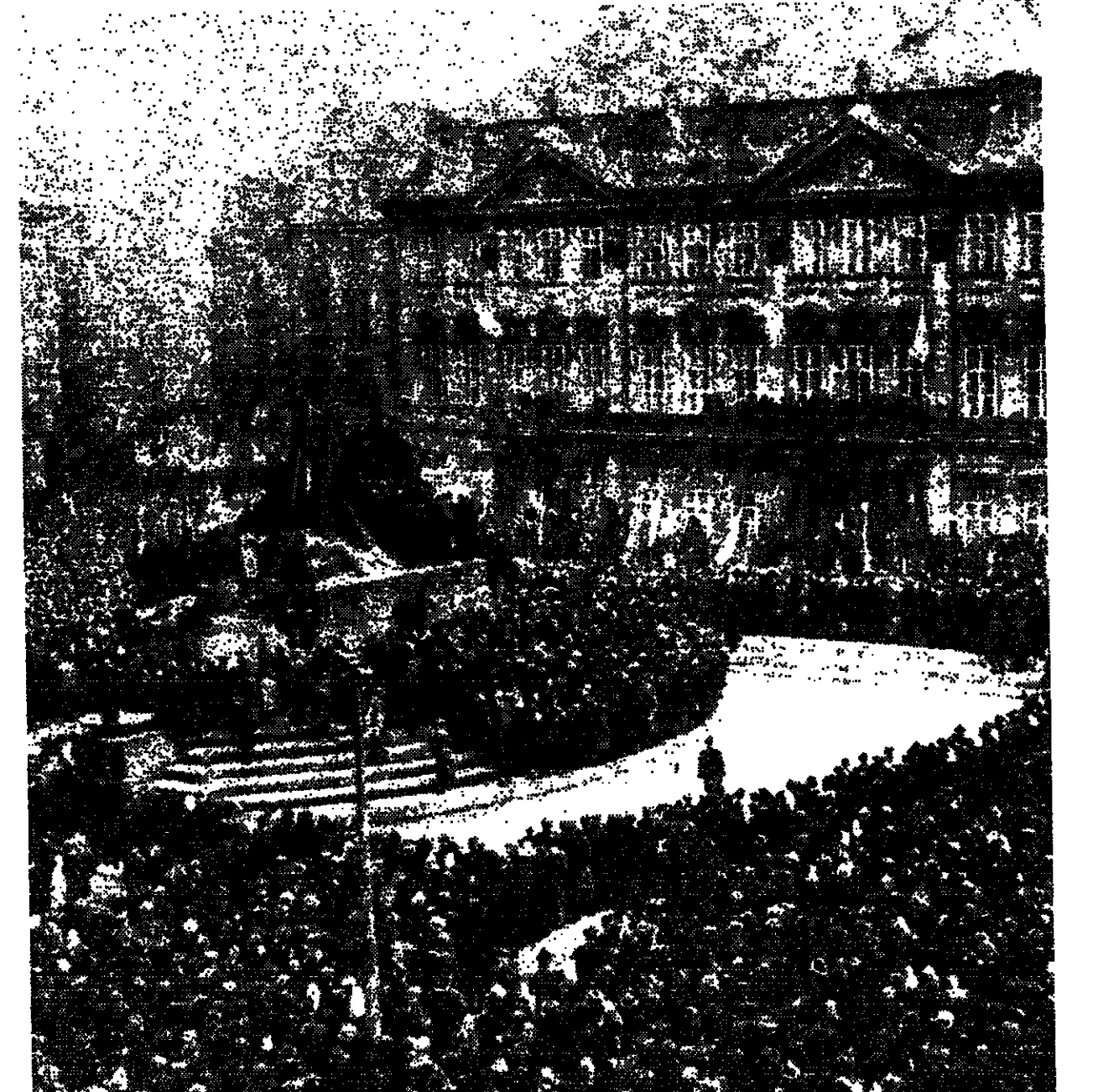
The idea that blind American trust in the wily dictator brought acceptance of Soviet domination has been particularly perpetuated by the French, who were furious at not being included in the summit meeting.

Moscow's European empire, born of war, is now collapsing. Yalta became a symbol of its birth. It was really just another web of lies. The choice then, as it has been all this time, was diplomacy or more war. The gamble on hope failed then, but at least the tide has turned.

Flora Lewis is the foreign affairs columnist for The New York Times. She wrote this article for the International Herald Tribune.



Soviet forces rolling into Prague in 1968 to put down a reform movement that was considered dangerous to communism.



In February 1948, Czechoslovaks gather in Prague's Old Town Square to hear the Communist prime minister, Klement Gottwald, speaking from the balcony of the Kinski Palace, at right, demand that President Eduard Benes accept the resignation of 12 ministers in the first step in the Communist seizure of power. Mr. Gottwald later became the president.

## Soviet Asia Price Still Being Paid

International Herald Tribune

The Yalta conference's promise that the Soviet Union could annex from Japan the Kuril Islands and southern Sakhalin Island has been the main obstacle to improved relations between Tokyo and Moscow.

The islands were Stalin's price for entering the war against Japan. He got his way because of Roosevelt's fears about the casualties that an invasion of Japan would cost. Churchill acquiesced because, he said, the Far East was mainly "an American affair."

Stalin promised to enter the war in Asia "two or three months after Germany surrendered," as it did on May 8, 1945.

The Soviet Union declared war on Japan on Aug. 8, six days before Tokyo surrendered because the Americans had dropped atomic bombs on Hiroshima and Nagasaki.



In Czechoslovakia, Prague's huge Stalin statue, above, was removed more than two decades ago but statue in Olomouc, below, lasted until 1990.





## Mexican President on Dealing With World Debt

Mexico on Sunday signed a major debt reduction agreement with its international creditors. It was the first pact under a plan proposed by Treasury Secretary Nicholas F. Brady of the United States for Third World debt reduction. President Carlos Salinas de Gortari of Mexico, who was in Europe last week, spoke about his country's debt situation with Reginald Dale, economic and financial editor of the *International Herald Tribune*, at the World Economic Forum in Davos, Switzerland.

Q. You have said that your debt negotiations were completed just in time because from now on East European countries will also be competing for international financial resources?

A. Exactly. We believe our negotiation was timely because in order to buy the exit bonds, the zero-coupon bonds provided for in the agreement, we had to gather resources from the International Monetary Fund, the World Bank and the Japanese, as well as in Mexico itself.

The resources of the international institutions will now also be demanded by those East European countries that are willing to enter into IMF agreements or debt reduction agreements.

Also, politically, we believe it was timely because last year there was a very important focus of attention on the debt problem

by the industrialized countries, and today it seems that the focus of attention has changed to the political developments in Eastern Europe.

Q. So Mexico's agreement might be both the first and the last under the Brady Plan?

A. That is difficult for me to say. For us, it was a very difficult and tough negotiation, and whoever else reaches an agreement will also find that this is a very, very difficult process.

Q. Your agreement has been criticized for not doing enough economically for Mexico.

A. I agree it would not be enough if we were to return to overspending and wasting our resources. But we have a very tight

### MONDAY Q&A

fiscal policy, which has reduced the public sector deficit to 1 percent of gross domestic product. This allows us to reduce inflation and to pursue economic recovery policies consistent with the results of the debt agreement.

In net economic terms, we were able to reduce our debt with the commercial banks from around \$53 billion to about \$33 billion.

Q. How do you feel about a North American Free Trade Area?

A. We are ready for trade with the United States that will bring us reciprocity for the enormous openness of the Mexican economy, which is today one of the most open in

the world. Our average tariff is below 10 percent. And there are no nontariff restrictions on most imports in Mexico. We have a new and very important sector-by-sector trade agreement with the United States and we will improve on it. We are reaching a similar agreement with Canada in March.

Q. But not complete free trade?

A. As of today, no. But economic realities tend to develop and transform themselves.

Q. What should be done about Mexican migration to the United States?

A. Migration from Mexico to the United States derives on one hand from the lack of employment generation in Mexico. That is why I have emphasized the trade agreement, because we prefer Mexicans to work in Mexico rather than in the United States.

But on the other hand, the American economy requires this manpower and exercises a very important demand pull.

Q. What about the drug problem?

A. Producing countries, consuming countries and transit countries should get together to present a common front against drug traffickers. No single country will defeat them.

At the same time I have said that responsibility for fighting them within Mexico is solely in Mexican hands.

But as it is a global problem, we are interested in more international cooperation.

I have just signed an agreement with the British government to strengthen the sharing of financial information about drug traffickers.

Q. Has the U.S. invasion of Panama damaged your relations with Washington?

A. We stated very clearly our position on the invasion of Panama, and this means that in our relations with the United States we have come to emphasize the coincidences and respect the differences.

I would say that our relations today are positive and respectful.

Q. How is your campaign going to crack down on corruption and streamline the bureaucracy?

A. For me it is fundamental to respond to the Mexicans' demand that everybody abides by the law, so that there are no groups of persons who may pretend to be above the law, and we have acted firmly against these entrenched interests.

At the same time we have been revising the size of the public sector, and reducing the number of personnel through a process of privatization, which has meant a very important change in traditional policies in Mexico.

We have created a program we call solidarity, through which we channel resources from the privatization of public sector enterprises to provide direct social benefits like health, education and electricity.

For example, we used funds from the privatization of the airline company to supply electricity to half a million people living in a slum around Mexico City—and we did it in three months.

## Obstacles Seen for Mandela

### Nationalist's Wife Names Conditions

By David B. Ottaway

Washington Post Service

PAARL, South Africa—Winnie Mandela, wife of the black nationalist Nelson Mandela, said here Sunday after a visit with her husband that he was insisting on a repeal of the national state of emergency and the fulfillment of other conditions before he would agree to leave prison.

"The obstacles still exist and it is Mr. de Klerk who must remove those obstacles," she told reporters outside the Victor Verster prison farm where her husband, Nelson, is being held.

Asked whether the state of emergency was one of those obstacles, she replied that it was "one of the conditions put by Mr. Mandela for his release."

President Frederik W. de Klerk "knows the conditions that were recommended by Mr. Mandela," she said. "As far as the family is concerned, we are back to where we have to pressure for his release once more."

Later, on her way back to Johannesburg, she said it was "out of the question" that Mr. Mandela leave prison so long as the state of emergency remained in effect.

It was the first time anyone close to Mr. Mandela had said he was insisting that the government repeal the 1986 state of emergency and meet other specific demands as a precondition for leaving prison.

Mrs. Mandela said she had "no idea" when her husband might be released and that the onus was on the government to remove the remaining obstacles.

Her comments added to the confusion over what precisely is holding up Mr. Mandela's release and whether he and the government are still negotiating outstanding issues.

There have been conflicting statements by his lawyers and others who have visited him about whether he is ready to leave as soon as the government opens the prison gates or is insisting on the fulfillment of certain conditions.

Before she visited her husband, Mrs. Mandela had already told a BBC reporter what she later told other reporters about the "conditions" he was insisting upon for his release. Thus, it was not clear whether Mr. Mandela was making additional demands before he would agree to leave prison.

Mr. Mandela has credited pressure from the resistance movement inside South Africa as well as sanctions imposed by the United States and other countries for Mr. de Klerk's decision to lift the ban on the African National Congress and other anti-apartheid groups.

In a speech to Parliament on Friday, Mr. de Klerk said there were "factors in the way of his immediate release, of which his personal circumstances and safety are not the least."

But he said Mr. Mandela would be freed "unconditionally" after a further short passage of time.

The Cape Town Sunday Times quoted government sources as predicting that Mr. Mandela might be freed next weekend.

Mrs. Mandela, addressing a crowd on Saturday in Alexandra, a black township of Johannesburg, quoted her husband as saying, "You are the ones who have made the government give in to your pressure."

She said Mr. Mandela had told her to tell the crowd that "it is not President de Klerk, it is partly the international community which has forced these concessions."

## WORLD BRIEFS

### Astronaut-Cosmonaut Trade Possibility

WASHINGTON (WP)—U.S. and Soviet space officials are discussing a trade in which an American astronaut would fly aboard the Soviet space station and a Soviet cosmonaut would travel aboard the U.S. space shuttle.

The informal proposal, which accompanied agreements to cooperate in space medicine research, envisions an exchange of medical doctors. During their flights, they would conduct, and be the subject of, experiments on the effects of weightlessness.

The idea was discussed by a U.S.-Soviet group in the Soviet Union in December, said Samuel W. Keller, an official of the National Aeronautics and Space Administration. The cosmonaut could fly aboard a Soyuz shuttle as early as mid-1992, on a flight carrying Spacelab, he said. NASA has expressed some interest in flying its astronaut on the Soyuz Medialab, a module carrying sophisticated research equipment, in 1993, other sources said.

### U.S. Coast Guard and Cuba Aid a Ship

MIAMI (UPI)—The U.S. Coast Guard and Cuba joined forces on Sunday to assist a stranded Cypriot freighter off the Cuban coast, putting aside tensions from an encounter last week between the two nations in the Gulf of Mexico.

The coast guard said it received a distress call from the Cypriot ship, the Lake Michigan. The freighter was about 10 miles (16 kilometers) off the northeastern coast of Cuba, a coast guard spokesman said. He said Cuba was advised that the coast guard was sending a ship to aid the Cypriot vessel. Cuba also allowed the coast guard to send an aircraft, which stayed on the scene until a Cuban ship arrived to help the freighter back to port.

Last week, a U.S. Coast Guard cutter fired on a Cuban-registered freighter in the Gulf of Mexico. On Saturday, the Cuban Communist Party daily Granma said Cuba, the president of the United Nations Security Council, was seeking a council meeting to discuss the attack.

### Walesa May Not Run for Re-election

GDANSK, Poland (AP)—Lech Walesa, the Solidarity leader, said about 1,000 supporters on Sunday that he "most probably" will not seek re-election as union chairman at the Solidarity national congress to be held in April.

Mr. Walesa, 46, who has served as leader of East Europe's first independent trade union since its founding in 1980, made the statement during a speech at a Mass. The talk was interrupted by heckling by a small group of young radicals.

The Solidarity chief has often spoken about his desire to retire from the burdens of the union. Some people around him suggest he may be preparing to make a bid for the presidency, replacing General Wojciech Jaruzelski, if the country's constitution is altered this year to require new presidential elections.

### Ortega Invites Normalized U.S. Ties

MANAGUA (UPI)—President Daniel Ortega Saavedra, after a series of conciliatory comments, has invited the U.S. government to start talks aimed at normalizing relations, the local press reported Sunday.

But Mr. Ortega, speaking at a campaign rally, also asked the United States "to put an end to its policy of death against Nicaragua," the official daily *Barricada* reported. The Bush administration should prove, he said, that "superpowers like the United States have learned to respect small nations like Nicaragua that have earned the right to be respected."

Apparently confident he will win re-election on Feb. 25, Mr. Ortega has recently softened his public stance, suggesting that if Washington could have peaceful relations with Moscow it could have them with Managua. The apparent olive branch comes as Nicaragua is increasingly isolated from its former East European allies and as the Soviet Union is increasingly preoccupied with problems closer to home.

## TRAVEL UPDATE

### China to Stop Building Large Hotels

BEIJING (AFP)—China announced Sunday that it would stop building large hotels "over the next few years," after having encouraged the proliferation of such buildings since the late 1970s. The decision was made by the National Tourism Administration, the official Xinhua news agency said.

The move comes as the country has cut large construction projects under an austerity program begun in late 1988. It follows a determination in tourism since the suppression of the democracy movement in June. The agency said that more than 100 hotels already being built were expected to open by next year.

Air Canada and the Canadian charter airline Nordair are to start weekly flights between Lyon, France, and Montreal on June 27, Lyon airport officials have announced. (AP)

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Mexico, San Marino.

TUESDAY: New Zealand.

WEDNESDAY: Grenada.

THURSDAY: Iraq, Mauritius.

FRIDAY: Lebanon, Thailand.

SATURDAY: Malta.

SUNDAY: Cameroon, Iran, Japan, Liberia, Vatican City.

Source: Morgan Guaranty Trust Co., Reuters.

## WEATHER

EUROPE				ASIA			
	HIGH	LOW			HIGH	LOW	
Amsterdam	6	4	F	Bangkok	26	24	S
Algeria	16	14	F	Beijing	1	-1	F
Barcelona	16	14	F	Bombay	24	22	S
Berlin	12	10	F	Calcutta	24	22	S
Bombay	24	22	S	Hankow	24	22	S
Brussels	12	10	F	Harbin	24	22	S
Buenos Aires	12	10	F	Hong Kong	24	22	S
Cairo	12	10	F	Kobe	24	22	S
Canton	12	10	F	Manila	24	22	S
Cebu	12	10	F	Medan	24	22	S
Colon	12	10	F	Osaka	24	22	S
Dakar	12	10	F	Shanghai	24	22	S
Delhi	12	10	F	Singapore	24	22	S
Guangzhou	12	10	F	Taipei	24	22	S
Hankow	12	10	F	Tokyo	24	22	S
Harbin	12	10	F				
Hong Kong	12	10	F				
Kobe	12	10	F				
London	12	10	F				
Los Angeles	12	10	F				
Manila	12	10	F				
Medan	12	10	F				
Moscow	12	10	F				
Osaka	12	10	F				
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MONDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Fair, Temp. 11-13. NEW YORK: Partly cloudy, Temp. 12-17. LOS ANGELES: Partly cloudy, Temp. 12-17. SAN FRANCISCO: Partly cloudy, Temp. 12-17. SINGAPORE: Partly cloudy, Temp. 24-26. TOKYO: Partly cloudy, Temp. 12-17. HONG KONG: Partly cloudy, Temp. 24-26. MANILA: Partly cloudy, Temp. 24-26. CEBU: Partly cloudy, Temp. 24-26. BANGKOK: Partly cloudy, Temp. 24-26. BEIJING: Partly cloudy, Temp. 1-3. HANKOW: Partly cloudy, Temp. 24-26. SHANGHAI: Partly cloudy, Temp. 24-26. TAIPEI: Partly cloudy, Temp. 24-26. SEOUL: Partly cloudy, Temp. 24-26. OSAKA: Partly cloudy, Temp. 24-26. KYOTO: Partly cloudy, Temp. 24-26. YOKOHAMA: Partly cloudy, Temp. 24-26. NAGOYA: Partly cloudy, Temp. 24-26. FUKUOKA: Partly cloudy, Temp. 24-26. SAKAI: Partly cloudy, Temp. 24-26. KANSAI: Partly cloudy, Temp. 24-26. NIPPON: Partly cloudy, Temp. 24-26. HONSHU: Partly cloudy, Temp. 24-26. SHIKOKU: Partly cloudy, Temp. 24-26. KYUSHU: Partly cloudy, Temp. 24-26. 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## Modrow Pledges to Continue Effort for German Neutrality

By Reginald Dale  
International Herald Tribune

DAVOS — Prime Minister Hans Modrow of East Germany on Sunday said he would continue to press for the neutrality of a reunited Germany, despite the proposal's rejection by Chancellor Helmut Kohl of West Germany.

Declaring that the "dialogue" on neutrality should continue, Mr. Modrow said the issue did not concern only the two Germans and should be discussed "in all of Europe."

Mr. Modrow was speaking at an extraordinary gathering of East European leaders at the World Economic Forum in Davos. He sought to allay anxieties among neighboring nations over the move toward German reunification.

Also attending the panel discussion was the prime minister of Czechoslovakia, Marian Calfa, the new prime minister of Bulgaria,

Andrei Lukanov, the deputy prime minister of Hungary, Peter Medgyessy, and President Wojciech Jaruzelski of Poland.

Mr. Jaruzelski took advantage of the presence of large numbers of Western business and financial leaders to launch a plea for a reduction in Poland's \$38 billion international debt to help regenerate the Polish economy.

"It is necessary to resort to more radical remedies than the simple postponement of debt repayment," Mr. Jaruzelski said.

Both Mr. Jaruzelski and Mr. Medgyessy said they could accept German reunification provided that it was accompanied by security guarantees.

Mr. Jaruzelski said that once such guarantees were in place, and an East-West balance had been achieved at a lower level of armaments, it would be possible for Soviet troops to withdraw.

Unlike Czechoslovakia and

Hungary, Poland has not yet asked Soviet forces to leave.

All the East European leaders said that in the new Europe that is taking shape, further border changes should be ruled out, and that minority ethnic groups in Eastern Europe should not necessarily be granted the same right to self-determination as the East Germans.

All also agreed that Comecon, the East European trading bloc, should be radically changed so as to open up trade and other economic links with the West.

Responding to questions, Mr. Jaruzelski and Mr. Modrow insisted the continuation in office of the Soviet leader, Mikhail S. Gorbachev, was vital for Eastern Europe.

Mr. Modrow repeatedly reassured his largely Western audience that Germany had learned the lessons of history and would assume full responsibility for ensuring that reunification did not lead to "grave consequences."

While Mr. Medgyessy appealed for foreign capital to help Hungary privatize its economy, Mr. Jaruzelski said the reduction of a substantial part of Poland's foreign debt was his top priority.

Although many other countries around the world sought debt relief, Poland should be treated as a special case, Mr. Jaruzelski said. It was in the interests both of Europeans and of the rest of the world that the different economic standards in Eastern and Western Europe be "equalized," he said.

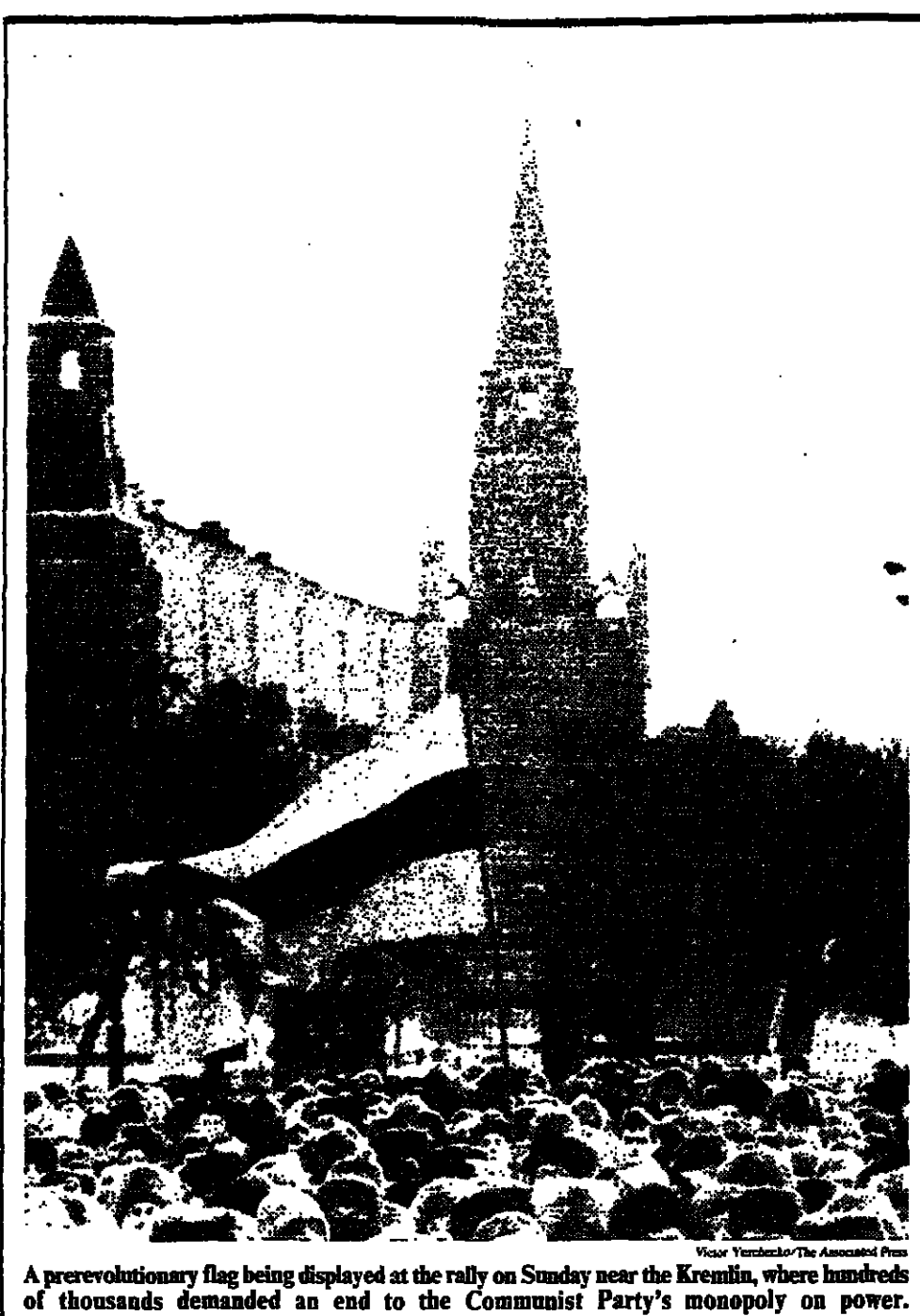
With debt relief, Poland could "activate the engines of economic growth" in a relatively short time, and could then play its part in helping the poorer indebted countries, Mr. Jaruzelski said.

He added that Poland also wanted to start early talks on an association agreement with the European Community, and had filed a draft declaration of cooperation with the European Free Trade Association.

Mr. Lukanov, who was named prime minister of Bulgaria on Saturday, said he would try to form the broadest possible government of national unity. It was important, he said, to ensure maximum support for the emergency "anti-crisis" economic measures that would be put to parliament in two or three weeks.

Failing that, he would try to form a government that would still be more broadly based than at present, with fewer Communists, more members of the agrarian party, and people not affiliated to any particular party.

He said he wanted to rejuvenate the government and ensure that it was composed of people with the highest professional skills.



A prerevolutionary flag being displayed at the rally on Sunday near the Kremlin, where hundreds of thousands demanded an end to the Communist Party's monopoly on power.

## Advocate of Change Elected Prime Minister of Bulgaria

By Marlene Simons  
New York Times Service

SOFIA — The governing Communist Party has named an advocate of change as the new prime minister of Bulgaria.

Andrei Lukanov, a 50-year-old economist and former minister of foreign trade, was elected in parliament on Saturday. The swift and unanimous vote seemed a surprising model of order, coming after several days of political squabbling among the Communists.

Strife and strife in the party came to the fore Tuesday when it opened an emergency congress. Divisions over proposed changes ran so deep that the meeting lasted an extra fourth day.

The differences climaxed in a session of 20 hours in which the delegates voted on economic and political changes and chose new leaders.

Officials said the unanimous vote for Mr. Lukanov showed that

the party had avoided a split and survived intact.

With its program of change and new faces, the party hopes to gain momentum at a time when an economic crisis is growing, political change is sweeping the rest of Eastern Europe, and a more open climate at home is prompting unprecedented dissent.

Political experts said that the events of the past week had also put Bulgaria clearly on the path of gradual change like the one chosen by its Soviet neighbors.

The model for Bulgaria remains Gorbachev's *perestroika*, an expert said, referring to President Mikhail S. Gorbachev's economic restructuring program. "It does not lie in Warsaw, Prague or Budapest," he said.

Power in Bulgaria apparently now lies mainly in the hands of four men, each of whom favors change but who also are connected to the old regime.

They are Defense Minister Dobri Dzhurlov, who played a principal role in the plot that removed the longtime dictator, Todor Zhivkov, in November; Petar Mladenov, the former foreign minister and Mr. Zhivkov's successor, who remains chief of state but stepped down as party leader last week as part of an effort to separate the party from the state; Alexander Lilov, the new party leader, and Mr. Lukanov, the No. 2 official in the party and now prime minister.

Mr. Lukanov was trained at the Institute of International Relations in Moscow. He has wide experience in the West, having represented Bulgaria in trade negotiations and at the United Nations in Geneva.

Left unclear was why Georgi Atanasov, the previous prime minister, resigned unexpectedly during the party congress. He was an important member of the group that removed Mr. Zhivkov.

## 195 Die in Beirut As Christians Battle

The Associated Press

BEIRUT — Major General Michel Aoun's Christian troops on Sunday battled with Christian rivals in an assault on the headquarters of the Lebanese Forces militia headquarters.

The police said 195 persons were killed and 830 wounded, many of them civilians, in the showdown in the Christian heartland.

Fires burned out of control in Beirut as the offensive raged.

The police said that the Lebanese Forces militiamen, led by Samir Geagea, held off General Aoun's troops in Christian East Beirut with rocket-propelled grenades and cannons mounted on jeeps.

General Aoun unleashed the assault at dawn to crush the Lebanese Forces after six days of battles and become the undisputed leader of the Christian enclave north of Beirut.

Before the attack, General Aoun's artillery pounded the East Beirut districts held by the Lebanese Forces in night-long barrages. About 500,000 people took cover in basements and bomb shelters as

shells rained down from General Aoun's mountaintop positions east of the city.

Radio stations said the civilians' plight was worsening as food and water ran out in the shelters.

Hundreds of shells and rockets landed in Muslim West Beirut, the police said. At least 25 persons have been killed and 105 wounded in the Muslim sector since last Tuesday.

The International Committee of the Red Cross appealed for a two-hour mercy truce to rush medical supplies from West Beirut across the dividing Green Line to hospitals in the Christian sector.

Mr. Geagea said the fighting was continuing because General Aoun could not accept the fact that the elimination of the Lebanese Forces by force of arms was "impossible."

Both General Aoun, 54, and Mr. Geagea, 40, are Maronite Catholics.

General Aoun, who was appointed head of an interim military cabinet in September 1988 by outgoing President Amine Gemayel, considers himself the sole legitimate authority in Lebanon.

## Rushdie, From Hiding, Says He Stands by Book

By Martin Weil  
Washington Post Service

WASHINGTON — Salman Rushdie, who has been silent and in hiding since Ayatollah Ruhollah Khomeini threatened him with death, says he remains "happy to stand by" his book, "The Satanic Verses," which provoked the threat.

After almost a year in hiding, Mr. Rushdie has discussed his book, his feelings and his life on the run in an interview in the new issue of *Newsweek* magazine. The interview was conducted over the telephone from Mr. Rushdie's hiding place.

"I've thought about it and thought about it," he said of his book, which was denounced as blasphemous by Ayatollah Khomeini, the Iranian spiritual leader, before he died last year, and by many other Muslims, "and I'm happy to stand by it."

"I genuinely cannot believe that what I wrote has merited the treatment it's been given," he said.

In the interview, Mr. Rushdie, who is under the protection of Scotland Yard, tells of missing "ordinary life."

He describes using the telephone as his only means of communication and of spending his days working and then "watching a lot of bad television and videos."

Mr. Rushdie has issued only a few brief statements. Despite the death of Ayatollah Khomeini in June, the death threat against Mr. Rushdie was not lifted.

Without offering any suggestion as to when his ordeal might end, Mr. Rushdie said: "I simply will not accept that this is going to be

the rest of my life. I have to remain an optimist in the sense of believing that solutions are possible."

The interview also describes an episode in which he was smuggled into a hospital by British policemen, "placed under anesthesia — which was scary," had his wisdom teeth removed and was then taken out of the hospital "without anybody knowing I was there."

While he was having the teeth extracted, according to the interview and accompanying text, it was reported last spring in a widely published news account that he was attending a dinner at Oxford University.

"One of the things I've learned this year about the press," he said in the interview, "is that when there's a hot story they can't find out anything about, they make it up."

■ **An Essay by Rushdie**

Mr. Rushdie defended "The Satanic Verses" in an essay published Sunday in *The Independent* on Sunday newspaper, and he conceded that it had caused Muslims pain. The Associated Press reported from London.

"It should like to ask Muslims — that great mass of ordinary, decent, fair-minded Muslims... to renounce blood; not to let Muslim leaders make Muslims seem less tolerant than they are," Mr. Rushdie wrote in the copyrighted essay.

Many Muslims believe "The Satanic Verses" blasphemes Islam by associating the Prophet Mohammed with prostitutes and suggesting that the Koran, Islam's holy book, was Mohammed's invention, not the work of God.

## Kohl Rejects Soviet Call For Vote on Germanys

By Alan Riding  
New York Times Service

DAVOS, Switzerland — The West German chancellor, Helmut Kohl, has rejected a Soviet proposal for an international referendum on German unity and said his government expected Moscow to help ease the process of reunification.

"German unity is a German question," he said here over the weekend. He added that West Germany was ready to start talks "on the specific steps leading to German unity" immediately after East Germany holds free elections on March 18.

Speaking after a meeting with the East German prime minister, Hans Modrow, Mr. Kohl made it clear that the question of German unity had assumed greater urgency because of what he called the continuing "mass exodus" of East Germans to the West.

Noting that his government was willing to provide help "on a new scale" to stabilize the East German economy even before the elections, he said, "East Germans must have the conviction that something will be resolved if the flow is to stop."

In remarks to reporters, Mr. Modrow merely noted that the coalition government due to be formed in East Germany this week could be more broadly based than the one to emerge from the elections. He did not raise the reunification issue.

In a speech Saturday to the

World Economic Forum, Mr. Kohl repeated his rejection of Mr. Modrow's call last week for the neutrality of a single German state. He said that "a united Germany in the heart of Europe should not have any special status which would isolate it."

"We are not an island," he said, "we're not in a corner of Europe." "We're in the heart of Europe," he said, "and we can only solve this if we see our position as a bridge. But if we make it a bridge, it must be fully integrated with Europe and not isolated."

Asked about a proposal made last week by the Soviet foreign minister, Eduard A. Shevardnadze, that a referendum on German reunification be held in Europe, the United States, and Canada, Mr. Kohl replied that this was a matter for Germans to decide.

"Nonetheless, if all Europeans were to decide, the result would be the same," he said.

But although saying in his address that West Germany expected Moscow to respect "the right of the German people to free self-determination and to facilitate the process of unification," Mr. Kohl appeared to emphasize that the world had nothing to fear from a united Germany.

"There is a difference between understandable misgivings and fears and what is disguised as fear but is really economic jealousy," he said.

He said he wanted to rejuvenate the government and ensure that it was composed of people with the highest professional skills.

## NEUTRAL: Bonn Opposition Presses for Neutrality

(Continued from page 1)

happens including references to collective security to be vaguely guaranteed by the superpowers, analysts said, Mr. Lafontaine could hope to position his party as the architect of German reunification.

In seeking to whittle down NATO's role in West Germany, Mr. Sonnenfeldt said, some Social Democratic leaders' ultimate goal may be the departure of all U.S. forces from West Germany, a step that could lead to the withdrawal of U.S. forces from Europe.

Without using the word "neutrality," Egon Bahr and Karlstein Voigt, two SPD foreign-policy experts, said a reunited Germany would only be possible if NATO relinquished its military role in response to the collapse of the Warsaw Pact and entrusted European security to collective political guarantees that would meet the fears of the Soviet Union about its own security.

Mr. Bahr, in remarks that reflected the SPD semantics about neutrality, said that there "could be no neutrality in a Europe that was free of peace" because there would be "no one to be neutral against."

As Europe dispensed with military alliances, Mr. Voigt said, it could rely for security on the spread of democracy in Eastern Europe and the consolidation of human rights in the 35-nation Helsinki process, known as the Conference on Security and Cooperation in Europe.

Their opposition to NATO contrasted sharply with the Bush administration's new position, explained for the first time at the

meeting, that the United States intends to keep a significant number of forces in Western Europe even if all Soviet troops leave Eastern Europe.

Brent Scowcroft, the U.S. national security adviser, said the U.S. proposal of 195,000 U.S. troops and 195,000 Soviet troops in central Europe was "a floor for the United States and a ceiling for the Soviet Union."

Arms-control negotiations, he said, "must not be used as a pretext to maintain Soviet troops where they are not wanted" as East European countries demand the withdrawal of Soviet forces.

Outlining the new phase in the U.S. thinking about European security, American officials said the Bush administration was starting for the first time in postwar history to justify a role for U.S. troops in Europe without an imminent Soviet threat.

"We need to remain as a player who can help mediate rivalries in Europe and as a force facing the Soviets, even if they fall back into a Soviet Union that shrinks to just Russia," one U.S. official said.

He and other officials spoke at the Wehrkunde conference, an annual event for discussion among nearly 200 officials of U.S. and West German security relations.

But several U.S. senators warned that Congress would cut commitments in Europe if the allies shared the anti-American sentiments expressed by some West German participants and by Jean-Pierre Chevènement, defense minister in France's Socialist government.

If Europe thinks that "the United States is either unnecessary or

unwanted, it will have to get out of the way from the rush to the exit doors," said Senator William S. Cohen, Republican of Maine, a member of the Foreign Relations Committee.

He said it was clear that Congress was going to cut off funding for the development of a new U.S. ground-launched nuclear missile intended to replace NATO's Lance rockets in West Germany.

The United States wholeheartedly supports for security reasons the further integration of Europe," he said.

The loss of NATO, several speakers said, could unleash nationalistic rivalries that ultimately would jeopardize EC moves toward fuller unity after 1992.

— JOSEPH FITCHETT

## Armed Men Steal Roman Artifacts

The Associated Press

NAPLES — Masked bandits bound and gagged guards at Herculaneum, a Roman city destroyed by the Vesuvius volcano in A.D. 79, and stole hundreds of treasures, including bronze statues, vases and jewelry, according to news reports.

The superintendent of the archaeological areas of Herculaneum and the nearby ancient city of Pompeii, Baldassare Conicelli, said the inventory of the stolen goods was still incomplete, the Italian news agency AGI reported Saturday.

But the missing items included about 200 gold bracelets and earrings.

## HOUDINI: Gorbachev's New Act

(Continued from page 1)

ownership of farms and businesses. It would relax the central control of ideology, which has made many of the young alienated young party members, and would open the party itself to greater internal diversity of opinion.

Mr. Gorbachev is also under pressure to move up the date of a nationwide party congress, now scheduled for October, which would have the final word on the new party platform.

Despite the disorders that have occurred on Mr. Gorbachev's watch, few party members say they believe the hard-liners have a rival capable of replacing him.

He has enhanced his own security by an instinct for the middle, trying to appease those who crave democracy and free markets while accommodating the resistance embedded deep in the ruling structure and in popular psychology.

But it is increasingly clear that Mr. Gorbachev's penchant for compromise has cost him.

The impatient Baltic republics are now set on a course toward

independence, Armenia and Azerbaijan are beyond the Kremlin's political control, and populist brushfires are burning across the steppes of Russia and the Ukraine.

Luck and the propagandists' stagecraft have helped create an atmosphere of urgency for Mr. Gorbachev's Monday performance.

The press has been brimming with timely demands for far-reaching changes in the party and — in Pravda, Izvestia and New Times — for strengthening the presidency.

Yegor K. Ligachev, the Politburo member who symbolizes the forces of orthodoxy, has come under open attack.

"Ligachev is the manacles on the hands of Gorbachev, the noose around the neck of democracy," declared one of many anti-Ligachev posters in the crowd that surged through the street of Moscow on Sunday, clamoring for the party to catch up with the country.

The marchers, scores of thousands of them, were not mobilized by Mr. Gorbachev. But their voices, amplified by state radio and television, will also reinforce his position when he stands before his more reluctant colleagues Monday.

The old guard is suffering blow after blow," the Sunday television news show, Seven Days, reported in a pre-planned edition that might have been scripted by Mr. Gorbachev's campaign manager.

## Party's New Role: Ignominy

New York Times Service

MOSCOW — The Communist Party's latest round of humiliation began on New Year's Eve, when a drunken chauffeur in the Ukrainian city of Chernigov swerved his government car into a lamppost.

The trunk popped open, exposing to the gathering crowd a large cache of scarce hams, sausages and liquor destined for a provincial official's holiday celebration. Enraged at this feasting amid general hardship, the crowd hummered the car to scrap, towed it to the local party headquarters and milled outside until 3 A.M.

The local party leadership was ignominiously ousted.

The story made national television; since then, outbursts of popular disenchantment have dislodged senior officials across the Ukraine and Russia, suggesting the anti-establishment virus is suddenly catching at the heart of the empire.

While Communism's turmoil in other regions began with resurgent nationalism or a craving for democracy, in the Slavic heartland it has been propelled mostly by pent-up resentment of the party's unaccountable power and privilege.

The apparently spontaneous local outbursts have been spread by aggressive reporting in a few central newspapers and magazines, and by recent television accounts of official hunting lodges and country cottages.

There are some of the episodes that have been reported:

• The chairman of the Maritime Territory, in the Siberian Far East, was dismissed after an official trade mission to Japan became an auto-buying junket for scores of party wives, offspring and hangers-on. The government newspaper *Izvestia* reported that a returning ocean liner carried 167 second-hand Japanese cars bound for the province's party elite.

• Gennadi P. Bogomyakov, party chief in the central Siberian province of Tyumen, resigned with his entire entourage Jan. 18 after a senior party official portrayed him as a feudal lord. A letter by the provincial chief of party ideology said Mr. Bogomyakov had blocked economic change and ruled by whim in an atmosphere of fear. The newspaper *Rabotchiya Tribuna* declared that, with the ousters, "perestroika in the province has advanced more in two days than in the previous five years."

• Vladimir I. Kalashnikov, party leader in the industrial center of Volgograd, was forced to resign along with several other senior officials after the weekly magazine *Ogonyok* disclosed that he had intervened to get his daughter's family a good apartment. Students and young workers picked party headquarters with signs saying: "People Don't Trust You — Resign!" and "The Resignation of Only One Kalashnikov Is a Victory for Conservatives."

• After Kiev radio reported "abuse of official posts" during trips to Yugoslavia, the party leader in the western Ukrainian region of Chernovits was dismissed.

• In Leningrad, Yuri F. Solov'yev, replaced as leader in the second largest Soviet city in July, last week was dealt the additional humiliation of being expelled from the party after an investigation found he had used his influence to buy a Mercedes at a cut-rate price. He was condemned for "displaying immodesty and violating norms of party ethics."

— BILL KELLER

## PANAMA: Immigrants Find Buying Citizenship Is Getting Tougher

(Continued from page 1)

Mr. Noriega's longtime top aide, Major Rafael Cedeno, who headed the G-2 military intelligence branch at the time of the invasion.

Both sought refuge with Mr. Noriega at the Papal Nunciature in Panama, then surrendered to U.S. forces.

According to records found in Panama's Immigration Department after Mr. Noriega was deposed, 42,687 Cubans and 20,537 Chinese had arrived since 1985 under a scheme estimated to have made at least \$315 million from visa sales. The sale of at least 2,500 passports to Chinese over the last several years brought in \$30 million more, Chinese sources estimate.

Mr. Noriega and members of his Panama Defense Forces general

staff are believed to have received a large share of the take, immigration officials said, but exactly how much is not known.

"All the visas were controlled by Noriega or the PDF," said José Chen Barria, the new director of the Immigration Department. "Nothing was done without the knowledge of Noriega."

The broad outlines of the scheme were revealed in 1987 when Colonel Roberto Diaz Herrera, whom Mr. Noriega had removed as second-in-command of the Defense Forces, said sales of visas to Cubans had paid for his villa in an exclusive Panama City neighborhood.

Most of the Cubans have since made their way to other countries, mainly the United States, Mr. Chen

Barria said. Between 2,000 and 4,000 remain in Panama, he added. They have formed an association to lobby for permission to emigrate to the United States, where many have relatives.

The case of the Chinese is more complicated, Mr. Chen Barria said, in part because they are more numerous, but also because they generally fear legal formalities and speak no Spanish. He said about 10,000 Chinese citizens were believed to be in Panama, in addition to about 100,000 Panamanians of Chinese origin, nearly 5 percent of the country's 2.2 million population.

Times reported earlier from Miami: The U.S. government said in court papers that Mr. Noriega may in fact be a prisoner of war, but that this would not prevent him from being prosecuted on drug-trafficking charges.

In a memorandum filed Friday in U.S. District Court in Miami, where Mr. Noriega is on trial, the Justice Department said he and Lieutenant Colonel Luis del Cid, a co-defendant, would be treated as prisoners of war as defined in the Geneva Conventions.

Both men have contended that they are prisoners of war seized in the invasion of Panama in December and that as such they cannot be tried in a U.S. court for anything other than what occurred during the fighting.

- ACROSS**
- 1 Browning's "Ben Ezra"
  - 6 Author Farber
  - 10 Ripens
  - 14 From another planet
  - 15 Go kaput
  - 16 Stubborn one
  - 17 In a line
  - 19 He helps
  - 20 Ancient sect
  - 21 Left port
  - 23 Toddler
  - 24 Vestibule
  - 25 Tentmaker-poet
  - 29 Private eye, at times
  - 33 Religious maxims
  - 36 Letter sign-off
  - 39 All-out bet
  - 43 Hold back
  - 44 Weird
  - 45 McGuffey product
  - 48 Abby, on an envelope
  - 49 Plunger's loss
  - 53 Kind of bridge or brow
  - 55 Torment
  - 57 Traveling bags
  - 61 "Terrible" ruler
  - 62 Baseball rarity
  - 65 Network of nerves
  - 66 Eye part
  - 67 Part of AWOL
  - 68 Patella's site
  - 69 S-shaped molding
  - 70 British sand hills
  - 9 Pub drinks
  - 10 With full force
  - 11 Culpability
  - 12 Church bigwig
  - 13 Gone to pot
  - 18 A grandson of Adam
  - 22 Make bubbly
  - 25 Antiquated
  - 26 Secure a ship
  - 27 Malarial fever
  - 29 Joshes
  - 30 Went awry
  - 31 Knowledge
  - 32 Self
  - 34 Wars
  - 36 Mother of Zeus
  - 37 Gossip
  - 38 Fit of anger
  - 40 Before, to Keats
  - 41 Eggs
  - 42 Army V.I.P.
  - 46 Pass by
  - 47 Kind of call
  - 49 Dodge
  - 50 Port
  - 51 Furious
  - 52 Rajah's lady
  - 54 Handle
  - 56 Historic Norman town
  - 57 Honeysuckle or cucumber
  - 58 Graft
  - 59 Verve
  - 60 Buy a C.D.
  - 63 Col.'s command
  - 64 Word of assent

**Solution to Previous Puzzle**



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# INTERNATIONAL Herald Tribune

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## A Better South Africa

### Now for Dialogue

President F. W. de Klerk appears to have decided that he can better ensure a fruitful future for South Africa's white minority by ending the apartheid system of white domination and ceasing to deny a political place to the black majority. On moral grounds, this decision is of course right and staggeringly overdue. Politically, it is courageous because, while it creates possibilities for peace and civility inside the country and for acceptance outside, it also carries with it considerable risks for Mr. de Klerk. For all its uncertainties and the distance left to go, it seems to merit the judgment of one formerly jailed black church leader that Mr. de Klerk has "set in motion a process of peaceful revolution that will undo 40 years of doctrinaire National Party policies that have spelt misery for millions."

People outside South Africa do not yet have a very reliable understanding of either Mr. de Klerk or his antagonist turned potential partner, the leader of the African National Congress, Nelson Mandela. Mr. de Klerk has something to him of Mikhail Gorbachev: an uncommon figure who breaks out of the restraints of orthodoxy and compels his constituents to move, to think, to reconsider. Mr. Mandela is surrounded by a legend born of his earned martyr's status, his commitment and his reputation as the principal leader of a people whom the state has tried to deprive of a leader. These men represent their racial groups, and their relationship defines the emerging national politics of South Africa. Literally, Mr. Mandela has been Mr. de Klerk's prisoner. Politically, Mr. de Klerk is

a prisoner of Mr. Mandela. Each man's — and group's — true liberation depends upon the other. They are now invited to become true South Africans — fellow citizens rather than racial spokesmen.

Ahead lies a long contest in which each party to the negotiation will be constantly pressed to prove its good faith to the other. In that regard, Mr. de Klerk took on an extra burden right at the start; he released Mr. Mandela instantly, by not releasing Mr. Mandela instantly, for instance — to create the basic conditions for starting a political negotiation. It can be expected that at each step along the way the parties will seek foreign support for their internal negotiating positions. Scarcely had Mr. de Klerk finished his speech than the United States was being called on to end and, alternately, to prolong if not to deepen its economic sanctions against Pretoria.

Something immensely exciting and promising, however, is under way. Institutional racism in South Africa has not been ended by white decree, but the preconditions are now in place for ending it by negotiation among the races. Blacks are still excluded from power, but they are being admitted to politics. A gap yawns between the black demand for freedom and equality and the white insistence on protection for a minority community, but there is a common awareness that these goals can be pursued only in tandem, not one before the other. Nelson Mandela had asked to "reconcile" black and white purposes. Frederick de Klerk replies that the time is here for "reconstruction and reconciliation." Finally, a dialogue has begun.

— THE WASHINGTON POST.

### Only a Beginning

South Africa took a giant step Friday toward joining the community of civilized nations. Offering to replace repression with politics, President F. W. de Klerk announced an astonishing series of moves that could mark the beginning of the end of his country's odious apartheid system and of South Africa's status as an international pariah. Impressive as they are, however, Friday's steps are only a start. South Africa has far to go toward the goal of nonracial democracy.

Mr. de Klerk told Parliament that the "season of violence is over" and "the time for reconstruction and reconciliation" has arrived. He lifted the 30-year-old ban on the African National Congress, the main anti-apartheid group, and similar restrictions on 60 other groups. He announced the freeing of people imprisoned for belonging to these groups, a moratorium on executions and a new policy of reserving execution for "extreme cases." He ended many restrictions imposed during the three-and-a-half-year state of emergency.

Mr. de Klerk announced that the white minority government had decided to release unconditionally Nelson Mandela, the 71-year-old black leader who has been imprisoned since 1962, after a "further short passage of time." He did not explain the reason for the delay, except to say that "personal circumstances and safety" were involved.

Despite that delay, there was jubilation among South Africa's black majority and their supporters elsewhere — for good reason. As the Anglican Archbishop Desmond Tutu put it, "We are almost on the verge of being euphoric because political life has been normalized in our country."

Mr. de Klerk's moves mean that blacks, who have been excluded from any political role in South Africa, can now press for negotiations on a new constitution that could give them power commensurate with their numbers. Whites, who have had a monopoly on political power, can seek guarantees against black domination in a new constitution. And all this can be done through political activity, instead of by riot and repression.

President George Bush welcomed Mr. de Klerk's moves and tentatively invited him and Mr. Mandela to the White House to discuss how the United States can foster progress toward a new political order. For the moment, the best way is to let the various parties find their way to the negotiating table. Race is only one of the gaps to be bridged in South Africa; politics is surely the only way to bridge them.

Meanwhile, talk of lifting sanctions and normalizing relations, as Margaret Thatcher of Britain seems overzealous to do, is premature. South Africa has finally found the right road. Now it needs to walk it.

— THE NEW YORK TIMES.

## Why a Paltry Dividend?

George Bush knows good politics and knows how to be a world leader. He showed that when he abandoned his reluctance to support Mikhail Gorbachev and reached out dramatically to end the Cold War. He could now act with equal force at home if only he would seize the opportunity to transform the emerging peace with Moscow into a peace dividend for American society.

While President Bush still rejects the term peace dividend, it must surely be his aim. With one voice in his State of the Union address last week, he proposed big troop cuts in Europe. With another voice, he proclaimed his commitment to schools, cities, the environment, a war on drugs and a real decline in the federal deficit.

But the two voices are disconnected. In his new budget, the president offers little money to meet his social goals. The dissonance will reverberate unless he recognizes that assembling and using a peace dividend is good politics and good policy.

No one expected Mr. Bush to propose new taxes. Yet there was some hope that he would find savings in the Pentagon budget — well beyond his projected out of 2 percent or \$6 billion yearly in the next four years. His proposed reductions in Europe could in time save \$10 billion yearly. But he could do better than a 2 percent cut next year. More important, he could lay the groundwork for planning in far deeper cuts thereafter.

Where is the threat to justify a \$300 billion defense budget? Mr. Gorbachev is dismantling Soviet military might. As that continues, Mr. Bush can prudently follow suit. This is true especially for strategic nuclear arms. Yet he and Defense Secretary Dick Cheney resist cuts in this area above all. The administration could save \$20 billion a year or more if it gave up plans for missiles and bombers and pulled back on "star wars." Even hard-liners concede that thousands of warheads and bombs are enough to deter nuclear war.

What of the navy? Mr. Cheney has barely touched its budget. He admits to "difficulty explaining" to the navy that it might not need 14 aircraft carrier battle groups. There are billions more here to be saved.

Mr. Bush and Mr. Cheney are politicians and bargainers. They want to keep the defense faith with their conservative backers and put the onus for deeper cuts on the Democrats. Politics is politics — up to a point. That point comes when the inevitable defense cuts are made better-sketched by Congress. Then, rational reductions in defense will have been forfeited and domestic needs will go unattended, leaving the president to pay a political price.

Mr. Bush enjoys a remarkably high approval rating, 76 percent in the last New York Times/CBS News Poll. His handling of foreign affairs attracts about the same approval. But not other sectors. Only 49 percent approve of his economic performance. Is Mr. Bush, who styles himself the education president, improving education? No; 68 percent of respondents say he is mainly talking. Is he helping the environment? No; 62 percent say he is mainly talking.

President Bush will be measured, ultimately, by how much he does, not how much he talks. By grasping the full possibilities of a peace that he is helping to build abroad, he can rebuild a strong America. The connection is there, if only he would make it.

— THE NEW YORK TIMES.

### Other Comment One Speech in South Africa

South Africa has made fools of optimists for so long that it would be rash to let hope triumph over experience. Nevertheless, President de Klerk's move is the most encouraging start that any white leader of the republic has made for a very long time. It is surely enough to merit the symbolism of political reward. That means, domestically, that the ANC must come up with some response, and the only serious one which it can offer is the promise of a suspension of the armed struggle. With one speech, South Africa's president has announced to the world that the pariah is preparing itself to rejoin the comity of nations.

— The Independent on Sunday (London).

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## German Reunification On Acceptable Terms

By Graham Allison

NEW YORK — Mikhail Gorbachev, who fears reunification, last week acknowledged the inevitability of German reunification. But he warns sharply against "chaos of nihilism, dilapidation of the crowd."

Has reunification already occurred? Yes, almost. Historians will identify 1989's closing months as decisive. Both Germans reawakened to being a single nation in the currency, the matters most: hearts and minds. Formalities and legalities remained. But, de facto, Deutschland again became one nation that increasingly acted as one state.

In business language, this is no merger; it is an acquisition. The Federal Republic is acquiring the Democratic Republic on the basis of West German values and economics.

What impels these developments? The proximate cause was Mr. Gorbachev's decision not to use troops to maintain Soviet-imposed governments in Eastern Europe. What kept those governments in power was East Europeans' belief that the troops served as prison guards. Once that dam was removed, natural forces rushed to predictable results.

First, nationalism was no less authentic in Germany than in any other East European state.

Second, the peaceful revolution exposed East German communism as worse than a failure: it was a fraud.

Third, the scars of 40 years left East Germans with deep convictions that shaped politics. Enabled freely to express their own views, solid majorities were anti-Soviet, anti-communist, pro-Western-values and pro-German.

Two German elections loom this year: in March in the East, in December in the West. Nearly 3,000 East Germans vote with their feet daily.

The East German government's desperate search for ways to persuade the population that their prospects are as promising in the East as in the West is under way. Large-scale West German subsidies and investments will hinge upon guarantees for property and investment. But this will in effect mean rapid acquisition of the East.

Under such conditions, what are the prospects for preserving political autonomy? If a referendum is held, most East Germans are likely to vote for immediate unification. If they do, no West German government could refuse the offer.

Only Mr. Gorbachev can arrest this march of history. His words suggest that early Anschluss lies beyond even his bottom line. While he might find ways to accommodate to an evolution over time, he reportedly told President François Mitterrand that "the same day the reunification of Germany is

announced, a general will be sitting in my armchair." With 380,000 Soviet troops in East Germany, he can prevent unification if he so desires.

He could threaten to use the troops. Or he could attempt to replay Stalin's 1952 card: the price for unification would be a neutral state (as proposed by Prime Minister Hans Modrow) empty of all foreign troops.

Chancellor Helmut Kohl, preferring to remain in the NATO fold, has rejected neutralization. If Mr. Gorbachev stands fast and can make it stick, Mr. Kohl may be forced to rethink his options. For the United States, neither the use of Soviet troops nor neutralization would be acceptable.

Western governments could bring their hands and simply allow the inevitable to take final shape. But this could have very damaging effects on relations with Moscow. Washington and allies, endorsing Mr. Kohl's concept of the unification process, should explore with Moscow the terms for accepting a united Germany in NATO.

The writer was dean of Harvard's Kennedy School of Government from 1977 to 1989. He contributed this column to The New York Times.

## OPINION



## Let's Keep Hearing About the German Yesterday

By A. M. Rosenthal

NEW YORK — I search through the endless newspaper columns about the German yesterday, but I cannot find them in the words I am looking for. I cannot hear them in the words of experts mustered up for television nor in the Sunday talk shows about how unification is all just a matter of time, now very little time.

And when leaders of so many nations issue their carefully crafted statements about how the will of the German people must be honored, the words are not there either.

These are some of the words: Jew, Auschwitz, Rotterdam, Polish, Untermythen, Lemnig, slave labor, crematorium, Holocaust, Nazi. Strange how even speaking the words, which after all are at least as much a part of German history as of Jewish, Polish, Dutch or Soviet history, is already considered inappropriate, vulgar, emotional, not really fit for decent political discussion about Germany. Why not?

Are they not still part of every European, U.S. and Soviet mind and memory? Did not the two earlier German unifications lead to war? Is there not a terror in millions of human minds and hearts that the nightmare visage of the past may be the face of the future?

Do not the very leaders who speak with such warmth about today's two Germans talk sometimes in private of their apprehension about tomorrow's one Germany?

On Friday, Soviet Foreign Minister Eduard Shevardnadze at last brought forward the fears of the German past. He called for world discussion of unification — an idea that Chancellor Helmut

Kohl of West Germany immediately rejected. Soviet policy on Germany is still murky and undecided, but Mr. Shevardnadze did himself honor.

No, no apologies are necessary for bringing up the hidden words — no apologies for insisting that they bear on discussion of Germany's future. To keep the words hidden is to kill the murdered twice, this time with the forgetting mind.

And it is a serious disservice to younger Germans, who will lead the new Germany, to delude them into thinking that either they or the rest of the world should or can forget those hidden words.

Let us not be frightened off by the witty argument that to remember the truth of the past is to blame the sins of German fathers and mothers on German sons and daughters. To equate this with Nazi racism is sickening.

For one thing, lots of fathers are still around. Personally I would much rather wait for unification another 20 or 30 years until God receives them, or for whatever awaits them.

But most of the world speaks as if the German desire for reunification were so strong and morally powerful that it would be positively sinful to try to delay it until the whole Nazi generation has come to Judgment Day.

So in time a new generation of Germans may indeed rule over what will probably be the most powerful nation on earth. Young Germans can only be helped by understanding that the fears are as real as torn flesh still bleeding. Their task should

be to remove those fears if they can, not to pretend they do not exist or are unworthy.

They cannot simply say, Trust us. Nazi Germany has imposed upon them the responsibility of showing a total emotional separation from that past, vicious beyond human ken. A burden perhaps, but much lighter than that carried by the children of the victims of Germany's yesterday.

These things must be said. And it is time we all stopped allowing only our political "leaders" to speak for us. By nature and position they are people who often feel it is in their national or personal interests to hide emotions and reality. Do Americans really want to leave it to the State Department, for heaven's sake, to decide and say what we dread or hope about Germany?

I would much rather hear from writers who have souls brave enough to write about the German yesterday — among them, in America, John Hersey, I. B. Singer, Cynthia Ozick, Lucy Dawidowicz, Elie Wiesel, Saul Bellow, William Styron.

I would like to hear from others of talent and respect — Mailer, Wolfe, Talese, Heller, Miller, Roth, Doctorow, McMurtry; make your own list. And from priests and ministers, scientists, students, black leaders, conservatives, feminists.

Are they going to be silent at one of history's most important junctures — the point where a new and unknown Germany is growing out of some reasonable hope for the future and a great deal of reasonable fear of the past? Is there anything more worthwhile writing about, talking about and thinking about?

The New York Times.

## In South Africa, Another Human Plague Is on the Way Out

By Flora Lewis

CAPE TOWN — Questions about South Africa have been like questions about the Soviet Union. Does the leader really mean to change the system? Can he overcome resistance to change? Is the system capable of peaceful fundamental change? Will rulers co-opted by power? Is it irreversible?

On Friday, President F. W. de Klerk at last started his country on the way to saying yes. There will surely be negotiations, and they will develop their own momentum.

He spoke without flourish or drama, without soaring rhetoric. That was encouraging, too. He was practical, specific, inviting to partnership in making his country over into something that all South Africans, black and white, can be proud of.

As Mr. de Klerk said, "Much has to be done" — a mild little phrase that, like his flat voice and dry manner, conceals vast transformations ahead for societies living on fear.

He made the link explicit through the changing political and philosophical climate in other parts of the world. The fight against communism was the cause for racial repression here for two generations. It serves no longer. He warned against "radicalism of any kind," and that is indeed the message of the

surge for human rights and everybody's dignity against ideologies.

This violent century has brought many changes, not all for the better, not all intended. But, thankfully, it enters its last decade with spreading acceptance of the value of human spirit free from domination.

Brave people, determined people made it happen. There is nothing automatic about it. It took persistence and sacrifice, and outside support. The "international community," invoked so often in fuzzy, impotent polemics, nonetheless has become something of a reality. Isolation hurts. Hermit states shape their own punishment.

Those who would seek benefits of global intercourse are learning that they must also accept responsibilities, not only toward foreign powers but to their own people, who are also global citizens.

Those who made a difference. Even some South Africans who resented them now say they see a result. Gordon Oliver of the Democratic Party, mayor of Cape Town, says that boycotts on sports and cultural exchanges

had a pervasive effect. "And of course, it was our government which brought them on," he said. "It was our government which refused Mosconi cricket players on New Zealand teams, and West Indians. We started it."

Sanctions were imposed gradually, step by step, and it did cost the outsiders, too.

Mr. de Klerk called on "the international community to re-evaluate its position and to adopt a positive attitude towards the dynamic evolution" coming in South Africa.

That is appropriately modest, a reasonable guideline for step-by-step responses to what actually happens here.

There is likely to be the same kind of dug-in disbelief of South Africa's intentions and capabilities of reform as there is of the Soviets from the opposite side of the political spectrum. And the same kind of readiness to say that the struggle is over, let's kiss and make up. Both would be wrong.

This is going to be a long and difficult passage from extremism to moderation, especially within South Africa, but matched outside. The real change is only beginning, and to encourage and sustain it means watching carefully and dismantling pressures no more rapidly than it comes.

The main "pillars" of apartheid are still there — registration of people at birth by race, rights of residence, which also means inferior opportunities; land ownership.

The first step to a new democracy must be the fair sharing of political power, with minority guarantees (meaning whites here). That will still leave a dramatic, totally skewed imbalance of economic power, which will be even more difficult to address, and for generations.

From prison, where he has been out of the world for 28 years, the revered black leader Nelson Mandela said recently that everything important would have to be nationalized — a handy formula for redress, but a terrible anachronism. Exiled South African black leaders know more about what has happened to the rest of Africa, as well as to Communist countries. They must resist such destructive shortcuts to the problem of making a healthy country out of one in which the minority (some 13 percent) lead a First World life and most of the rest are in the Third World.

But the new problems will be a challenge instead of a disgrace. We can pause for the moment to rejoice that another human plague is on its way to history's rubbish bin.

The New York Times.

## Arms Control: Now Debate Is About Whether to Do It Yourself

By Stephen S. Rosenfeld

WASHINGTON — An unattended casualty of the new international era is the debate that "arms control" means agreements negotiated by the superpowers. No longer is this activity asked by its advocates to carry the principal burden of making the world a safer place. Nor is it dismissed by the skeptics as a snare and a delusion. The striking improvement in international confidence in recent years has muted the old battles but created some new uncertainties at the same time.

The most fundamental of these uncertainties concerns the purpose that arms control is meant to serve. With the military risks of confrontation fading and the Warsaw Pact a shadow of its former self, the new rationale centers on reaping economic savings, calming impatient publics and getting into the flow of the new political day.

But while all of these things are desirable, none seems urgent, or rather, they all seem achievable without governments going to the

trouble of sitting down and agreeing. They can be achieved by going ahead and making unilateral cuts, which, of course, Moscow has already begun to do and others on both sides are increasingly of a mind to do.

There are some obvious nervousness but relatively little public protest about this incipient "era of unilateralism." The old bogey that one side would craftily gain an advantage and use it for purposes of nuclear blackmail seems to many in the West an anachronism. In the age of glasnost, intrusive verification of the sort that was necessary to ratify an INF Treaty just three years ago has lost much of its political urgency.

The old style of negotiating is still upheld by erstwhile practitioners like Richard Nixon. He declares that "under no circumstances" should there be unilateral cuts. In his universe, a classical model of hard bargaining held sway. It involved drama at a high level, secrecy, grand strategy, leverage, bargaining chips, vigilance

on verification: all the elements needed to make progress in an international and domestic context of restricted possibilities.

But now that the possibilities of a better world are if not boundless then at least expanding, a new style of arms control is being offered from both banks of the mainstream. Kenneth Adelman, a former Reagan arms controller, argues that the formal arms control process of negotiations not only unfolds more slowly than events would develop under their own steam, but also validates a Soviet troop presence in Eastern Europe, where the West had never formally validated a presence before.

McGeorge Bundy, a former Kennedy national security adviser, suggests that East and West should be guided by their now-moderate proclivities and make their own cuts; he observes that this process will go most smoothly if the cuts roughly match.

People are pretty cheery these days. Those who find the Bush administration's arms budget and arms control strategy still excessively conservative take comfort from budget pressures and from the seemingly irreversible progress of détente — factors which George Bush, who is popular but no Ronald Reagan, will have difficulty fending off in the political arena.

Those who, with conservatives like Defense Secretary Dick Cheney, are troubled at the Kremlin's still-high rates of missile building and Third World intervention are convinced nonetheless that communism is on the historical slide. They are not averse to a deal.

In this relatively relaxed atmosphere, no grand arms control battle is on the horizon, although there may be

some brisk skirmishes — for instance, to make over Mr. Reagan's "star wars" shield against Soviet missiles as a defense against the old Third World shot. But there is an abiding requirement for a president to choose.

Mr. Bush seems an arms control practitioner of the old school, made so by temperament and experience and by a respect for the one-third plus one of the Senate that could threaten ratification of the conventional, chemical and strategic arms treaties that are his immediate goals. This explains his State of the Union catch-

up effort to go for lower troop levels in order to keep official arms control relevant to European opinion.

Mr. Bush is right not to be drawn into too much do-it-yourself arms control. It leaves too much to chance. It deprives officials of the valuable practice of working together and directing events in the new context. It undercuts the responsibility of governments to fit the military pieces to the political pieces; not merely to reduce arms, but to build a structure of security for a new Europe.

The Washington Post.

### 100, 75 AND 50 YEARS AGO

#### 1890: Funds for a Manet

PARIS — The committee formed to purchase Manet's "Olympia" for the Louvre Museum has now obtained sufficient funds. It remains to be seen whether the State will accept the painting, in praise of which M. Emile Zola stands almost alone.

#### 1915: Serbian Executions

LONDON — News has been received from Serajevo to the effect that the prisoners Cukrovich and Jovanovich, condemned to death in connection with the assassination of Archduke Francis Ferdinand and his wife, have been executed in the prison courtyard. Two others, who had been sentenced to death, were reprieved, one being sentenced to imprisonment for life and the other to 20 years' penal servitude. The chief of the band of conspirators against the archduke could not be condemned to death on account of his age, but was condemned to 20 years' penal servitude.

#### 1940: Soldiers' Argot

PARIS — This war adheres to tradition by adding words to the vocabularies of fighting. After five months of hostilities, troops speak a jargon that is not comprehensible to the uninitiated. No French soldier at the front would ask for "vin rouge" (red wine) or call it "vinard," since that is a word of the World War. Red wine is called "tutti" or "bromure." The latter pays tribute to the legend that the quartermaster puts a bromide in wine and coffee to keep emotions in check. A "tutti" is the billowy skirt of a baller dancer. The 1940 French soldier does not like being called a "pouin," born of the last war. He prefers "barba," which is not vastly different and indicates that he is in style. A bombardment is "breakfast," and tanks are "Russian coffins." Field glasses become "gizmo" and any form of alcohol is "antigel," the term for fluid put into automobile radiators. Domestic Communists are "radishes" because they are "red outside and white inside."

### EUROB

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### PARIS —

Japanese most pro-warrant

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Another Japan

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## New International Bond Issues

Compiled by Laurence Desvillettes

Issuer	Amount (millions)	Mat.	Coups. %	Price and week	Terms
<b>Floating Rate Notes</b>					
Mitsubishi Bank of Australia	\$ 60	2000	0.30	102	Interest will be 0.30 over 6-month Libor in the first 2 years, and 100% thereafter. Callable at par in 1992. Fees 2%.
Lavoro Bank Overseas	DM 300	1995	1/32	100.15	Over 6-month Libor. Noncallable. Fees 0.25%.
Skandinaviska Enskilda Banken	DM 300	1995	libor	100%	Interest will be the 3-month Libor. Callable at par in 1992. Fees 0.25%.
Union Bank of Finland	DM 300	2000	libor	100%	Interest will be the 3-month Libor. Fees 0.25%.
Leeds Permanent Building Society	£ 250	1997	0.10	100	Over 3-month Libor. Noncallable. Fees 0.15%.
Nationwide Anglo Building Society	£ 150	1993	1/32	100	Over 3-month Libor. Noncallable. Fees 0.075%.
<b>Fixed-Coupons</b>					
Honda Motor	\$300	1997	9%	101%	Noncallable. Fees 1%.
Nichimen Europe	\$ 25	1993	9%	101%	Noncallable. Fees 1%.
Société Nationale de l'Electricité et du Gaz	DM 150	1995	9%	100	Noncallable. Fees 2%.
British Gas	£ 150	1995	12%	101%	Noncallable. Fees 1%.
Evon Capital	£ 125,000	1993	12%	101.30	Noncallable. Fees 1%.
World Bank	DM 300	1997	8%	101.15	Noncallable. Fees 1%.
Bayerische Vereinsbank Overseas Finance	¥ 10,000	1995	7.10	101%	Noncallable. Fees 1%.
Coriplo	¥ 11,000	1995	7	101%	Noncallable. Fees 1%.
Cinco	¥ 15,000	1995	7	101%	Noncallable. Fees 1%.
Council of Europe	¥ 25,000	1994	7	101%	Noncallable. Fees 1%.
Kreditbank Int'l Finance	¥ 3,000	1991	1.3%	101%	Redemption amount of maturity will be linked to the performance of the Nikkei 225 stock index. Noncallable. Fees 1%.
Skopbank	¥ 12,000	1993	7.20	101%	Noncallable. Fees 1%.
<b>Equity-Linked</b>					
Daihen	\$100	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set Feb. 6.
Daihinipon	\$100	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set Feb. 7.
Godo Steel	\$150	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%. Terms to be set Feb. 5.
Gold Mines of Kalgoorlie	\$ 45	2000	7 1/2	100	Noncallable. Convertible at \$45.37 per share, a 9% premium, and at \$70.72 per Australian dollar. Fees 2%.
Hyundai Motor	\$ 70	1995	open	100	Coupon indicated at 10%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Maruzen	\$200	1994	2 1/2	100	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Mitsui Toatsu Chemicals	\$300	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Mitsui Toatsu Chemicals	\$300	1998	open	100	Coupon indicated at 4%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Nissan Shatai	\$150	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Sonwa Shutter	\$400	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Shikabo	\$100	1994	open	100	Coupon indicated at 20%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Daihinipon	DM 100	1994	open	100	Coupon indicated at 10%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Jihara Chemical Industry	DM 40	1994	open	100	Coupon indicated at 10%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.
Yamazaki	DM 65	1994	open	100	Coupon indicated at 10%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 20% premium. Fees 2%.

## BONDS: Tokyo Investors Expected to Bid Actively

(Continued from first finance page)

procedure used by Pioneer Electronic in its international offering of 12 million shares, which is expected to raise about 62 billion yen (\$427.7 million).

Companies coming up against the ceiling of debt-to-equity ratios permitted under the Japanese commercial code have no choice but to issue new shares before they can

consider issuing debt with equity warrants.

Analysts estimated that international equity offerings from Japan could amount to \$10 billion this year, a fraction of the equity-warrant bond market that last year totaled \$65 billion and that this year, barring early repatriation, is projected to total some \$40 billion.

Aside from the smaller size of the

business, trading in listed stock does not excite dealers because it does not have the promise of the same big profits as trading over-the-counter warrants. Indeed, it is the Ministry of Finance's insistence that it wants the warrants also listed in Tokyo that traders find most troubling, since it would reduce the bid-offer spread and the price volatility of the over-the-counter market traders thrive on.

## EUROBONDS: Japanese Deals Dominate Market

(Continued from first finance page)

that could reduce the rise in consumer prices to 2 percent, and perhaps below that.

"For us the question is why it would be necessary to raise rates further," added Mr. Nogami. "We don't see much room for more rate increases from here on out."

Expectations of a significant decline in the Japanese interest in U.S. securities have also been based on misplaced fears of a change in Japanese investment strategies, market sources in Tokyo said, and misunderstandings as to the direction Japanese investments have taken since last year.

These assertions were confirmed by surveys conducted among Tokyo institutional investors last week and in the Finance Ministry's report on Friday of December balance of payments figures and figures for calendar 1989.

The figures pointed toward a reduction in Japanese purchases of U.S. Treasuries over the past year, chiefly because of a vast increase in Eurodollar bond warrants issued by Japanese corporations and the repurchase of a large proportion of these issues by Tokyo institutions.

But they also indicated that the market for U.S. Treasuries had easily adjusted to this shift over the past year.

Because Eurodollar bond warrants are issued offshore and classified as foreign bonds in the government's balance-of-payments statistics, they have effectively invalidated the accepted method of estimating Japan's role in U.S. Treasury auctions by distorting figures previously assumed to comprise U.S. securities almost exclusively.

"We see an increasing tendency

among Japanese institutions to acquire instruments floated offshore by Japanese issuers as a substitute for other foreign bonds," said Kim Schoenholtz, a bond analyst at Salomon Brothers Asia Ltd. "Yes, there has been a substantial slowdown in their purchases of U.S. government securities. But the market also appears to have absorbed it already."

By last week, with bond markets stabilized and stock prices recovering, the panic was over and the Japanese were returning to the international market — particularly to the West German stock market.

Japanese investment in West German equities rose ten-fold last year, to about \$1 billion, of which half occurred in the month of December, said Tim O'Dell, senior

## East Receptive To Bundesbank

Compiled by Our Staff From Despatches

BONN — The East German State Bank is ready to give up its monetary sovereignty to West Germany's central bank if the Deutsch mark becomes East Germany's official currency, a State Bank official said Sunday.

Wolfgang Krebs, general secretary for currency links with West Germany, told the newspaper Handelsblatt that the East German central bank was ready to discuss even the most sensitive issues in talks on Tuesday with Bundesbank President Karl Otto Pöhl.

(Reuters, AFP)

## Banks Reassess Commercial Paper Market Roles

By Carl Gewirtz

International Herald Tribune

PARIS — Soggy financial markets, increasing loan-loss reserves and an acute need to improve profit margins are forcing banks to reassess the way they do business in the Eurocommercial paper market.

After five years of using the market as a loss-leader to gain access to clients for other profitable transactions, leading dealers are now saying that placing such paper with investors also has to be profitable.

Issuers must either agree to pay higher commissions or the bankers warn they will resign acting as dealers.

"The real issue is that we can't place paper and not make any money and still stay in business," an official at J.P. Morgan & Co. said.

At present, said Martin Short, a director at Swiss Bank Corp. in London, "the typical spread is one to two basis points" for top rated credits. A basis point is 0.01 percentage point.

Often, bankers admit, even this thin fee is negotiated away under the intense competition to win a role as dealer — the privileged position of hearing from the borrower that it wants to raise money.

Fees are tiny because dealers make no commitment to the borrower that its paper can be placed. Dealers simply promise a "best effort" to find investors.

At present, there is about \$70 billion of Eurocommercial paper outstanding. Typically, three to five banks are named as dealers for each program.

Dealerships are coveted because in theory this low-margin business only becomes profitable on very high volume generated by the constant rolling over of maturing debt. The vast majority of commercial paper is issued for periods of less than 180 days. The maximum maturity is one year.

In practice, however, the market has evolved into a no-margin business. Citing intense competition in part driven by the belief that the volume of dealerships and a high market share are needed for success, banks gave up or cut back their fees to win new business.

The standard measure among bankers is that they need to have 140 active programs to justify the costs of maintaining their operations.

High-volume business and big market share are the hallmarks in

the vastly larger U.S. market, where four investment banking firms are estimated to account for 90 percent of the dealer-placed paper.

However, it remains to be seen whether banks in Europe, despite the collective howl about lack of profits, are prepared to carry out their threat to resign from programs where commissions are deemed to be too skimpy.

The common refrain from all the bankers interviewed is that there have been no resignations yet.

From the investment bankers' view, the basic problem is too many firms competing for a foothold in a market that is barely five years old. The common belief was that the lack of profit would drive out weak participants, leaving a core of dealers who then would be able to charge realistic fees for services rendered.

A shakeout has occurred. Salomon Brothers, J.P. Morgan & Co. and Merrill Lynch & Co. to name just two of the spectacular pull-outs, quit the market complaining the inadequate return on the capital invested in the business did not justify the commitment.

Still, overcapacity remains a

problem with about 20 firms active in the market. This leaves issuers in the enviable position of playing one against another in negotiating fees.

The emerging consensus among investment bankers is that the minimum fee for the most creditworthy clients needs to be three basis points per year, easily double what they currently earn.

"Over time, I would expect the minimum fee to be five basis points," said Michael Niedzwiecki, head of Citicorp's Eurocommercial paper operations in London. The view was echoed by spokesmen at Shearson Lehman Hutton Inc., J.P. Morgan & Co., S.G. Warburg & Co. and Swiss Bank Corp. A fee of five basis points is what issuers pay dealers to raise money in the New York market.

"I would be a most ardent supporter" of establishing minimum fees, said Kenneth Baugh at S.G. Warburg.

But with so many investment banking firms still active in the market, Mr. Baugh questioned whether competition would allow the establishment of a minimum fee structure.

Mr. Niedzwiecki said that "on new programs being negotiated now the minimum fee is three basis points. We say this what we want, and if others want to follow suit that would be great."

Regarding the fees on existing programs, Mr. Short of Swiss Bank said, "There comes a point where we will resign" if issuers are unwilling to pay a fee "that makes it profitable."

Elsewhere in the international credit market, Air France Partners Leasing NV is seeking a 10-year credit facility of \$291.4 million to finance the purchase of new aircraft. The leasing company is 45 percent owned by Air France. Banque Nationale de Paris directly owns 6

percent and Banque Indosuez 4 percent. In addition, the two banks each hold one-quarter of the 45 percent held by a group of institutional investors.

The loan, secured by the aircraft, carries interest of 40 basis points over the London interbank offered rate. There will be a commitment fee of 25 basis points on undrawn amounts and front-end fees of 15 basis points for banks underwriting \$20 million.

In Britain, Citicorp is arranging a £260 million (\$437.3 million) loan for Randsworth Acquisition PLC, the surviving entity of the takeover by JMB Realty Corp. of Chicago of Randsworth Trust Ltd., a British property group. The new company has share and loan capital of £190 million.

The loan, used in part to repay a bridge financing arranged for the takeover and in part to repay outstanding debt, will be secured by British real estate.

Up to £130 million of the loan will be in the form of secured senior debt which will represent a maximum of 60 percent of the property securing the loan.

The remainder can be drawn either under the same conditions — with interest set at 6 1/2 basis points over Libor — or as second senior debt with the loan representing up to 75 percent of the property backing it. In this case, interest will be set at 1 1/4 percentage points over Libor.

Chase Manhattan Bank has been named to arrange a 10-year loan for INCE, a mortgage lending agency owned 75 percent by Banca Popolare di Novara of Italy. INCE will borrow the equivalent of 150 billion lire in European currency units. This amounts to about 100 million Ecu (\$125 million). Interest is set at 20 basis points over Libor for the first three years and 25 thereafter.

## Employment Data Squelches Rally

NEW YORK — An incipient bond rally fizzled Friday after the release of U.S. employment data showing stronger job growth than had been expected, which left the economic picture bright enough to quell any lingering hope the Federal Reserve Board would alter its steady credit policy.

With signs that economic growth did not need a push from lower interest rates, long-term Treasury bond prices ended the week little changed. The benchmark 30-year bond ended the week at a price of 95 28/32, yielding 8.51 percent. That was down just 2 basis points from the 8.53 percent return at the end of the previous week.

Investors were disappointed when the government reported the creation of 275,000 nonfarm jobs in January, above the 150,000-to-200,000 range that had been expected, according to Jay Goldfinger, chief market strategist for Capital Insight Inc. in Beverly Hills, California. There was some good news for the market, however, in the loss of 112,000 manufacturing jobs.

Mr. Goldfinger said the market fretted about this week's auction of \$30 billion in Treasury bonds at the government's quarterly refinancing. He said prices had to fall "to levels where people can't resist" for the auction to be successful.

There have been fears Japanese investors would not participate in the auction, but many analysts said the current level of U.S. interest

rates was at least close to sufficient to draw them.

Prior to a sharp fall on Friday, the market had been rebounding for a 2.5-point tumble in the long bonds, which took the yield up from 8.47 percent two weeks ago.

The losses on Friday were largely in long-term bonds.

In the short-term end of the market, the federal funds rate edged up

to 8.24 percent from 8.22 percent the previous week. This rate, charged on overnight interbank loans, is influenced by the Fed, which is widely thought to have set an 8.25 percent target.

Six-month Treasury bills had an 8.04 percent annual rate of return to investors, up from 8.00 percent the previous week, but three-month bills yielded 7.94 percent, down from 7.99 percent.

In the upcoming auctions, the government plans to sell \$10 billion each of three-year notes, 10-year notes, and 30-year bonds. One issue will be sold daily, beginning Tuesday.

At the close of when-issued trading last week, the new 30-year securities were quoted at a yield of 8.46 percent. The 10-year notes were at 8.45 percent and the three-year maturity was quoted at 8.38 percent.

The three-year portion of the refinancing is expected to be well-received, with the 10- and 30-year is-

suers confronting greater difficulties.

A yield of 8.55 to 8.58 percent may be needed to awaken interest in the long bond, some economists said.

(UPI, NYT)

Univision Misses Payments

Univision Holdings Inc., the New York-based company that operates the largest Spanish-language television network in the United States, said it failed to make interest payments of about \$3 million to bank lenders and about \$7 million to holders of subordinated debentures, the New York Times reported.

The company said on Thursday that it had "insufficient cash flow."

Univision, which is owned by a group that includes Hallmark Cards Inc. and a unit of the First Chicago Corp., said it was working on a financial restructuring.

Univision has about \$315 million in bank debt, owed to a group led by Continental Illinois Bank. It also has \$135 million in senior subordinated zero-coupon debt and \$105 million in 13.375 percent subordinated debentures outstanding.

Meanwhile, Yugo America Inc. said it issued payment of \$1.7 million to its creditors Jan. 30 in the first debt repayment since it filed for protection under Chapter 11 of the bankruptcy code in January 1988. Reuters reported from Upper Saddle River, New Jersey.

The 50 cents-to-the-dollar payment brought total creditor payments to about \$2 million.

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OTC Consolidated trading for week ended Friday, February 2

OTC Consolidated trading for week ended Friday, February 2

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(Continued on next page)

**Brazil Deal**  
RIO DE JANEIRO—Seeking to buy Brazilian rights over the Rio de Janeiro Recimetal Corp. full rights over the  
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**NASDAQ**

Consolidated  
Friday, February  
(Continued)

Year	Number of cases	Percentage of total cases
1970	10	1.8
1971	15	2.6
1972	20	3.5
1973	25	4.3
1974	30	5.1
1975	35	5.9
1976	40	6.7
1977	45	7.6
1978	50	8.4
1979	55	9.2
1980	60	10.0
1981	65	10.8
1982	70	11.6
1983	75	12.5
1984	80	13.3
1985	85	14.1
1986	90	14.9
1987	95	15.7
1988	100	16.5
1989	105	17.3
1990	110	18.1
1991	115	18.9
1992	120	19.7
1993	125	20.5
1994	130	21.3
1995	135	22.1
1996	140	22.9
1997	145	23.7
1998	150	24.5
1999	155	25.3
2000	160	26.1
2001	165	26.9
2002	170	27.7
2003	175	28.5
2004	180	29.3
2005	185	30.1
2006	190	30.9
2007	195	31.7
2008	200	32.5
2009	205	33.3
2010	210	34.1
2011	215	34.9
2012	220	35.7
2013	225	36.5
2014	230	37.3
2015	235	38.1
2016	240	38.9
2017	245	39.7
2018	250	40.5
2019	255	41.3
2020	260	42.1
2021	265	42.9
2022	270	43.7
2023	275	44.5
2024	280	45.3
2025	285	46.1
2026	290	46.9
2027	295	47.7
2028	300	48.5
2029	305	49.3
2030	310	50.1
2031	315	50.9
2032	320	51.7
2033	325	52.5
2034	330	53.3
2035	335	54.1
2036	340	54.9
2037	345	55.7
2038	350	56.5
2039	355	57.3
2040	360	58.1
2041	365	58.9
2042	370	59.7
2043	375	60.5
2044	380	61.3
2045	385	62.1
2046	390	62.9
2047	395	63.7
2048	400	64.5
2049	405	65.3
2050	410	66.1
2051	415	66.9
2052	420	67.7
2053	425	68.5
2054	430	69.3
2055	435	70.1
2056	440	70.9
2057	445	71.7
2058	450	72.5
2059	455	73.3
2060	460	74.1
2061	465	74.9
2062	470	75.7
2063	475	76.5
2064	480	77.3
2065	485	78.1
2066	490	78.9
2067	495	79.7
2068	500	80.5
2069	505	81.3
2070	510	82.1
2071	515	82.9
2072	520	83.7
2073	525	84.5
2074	530	85.3
2075	535	86.1
2076	540	86.9
2077	545	87.7
2078	550	88.5
2079	555	89.3
2080	560	90.1
2081	565	90.9
2082	570	91.7
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		474	4%
40	5.5	267	11%
		267	11%
43	4.3	131	14%
		131	14%
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		682	13%
		1159	11%
10	?	1282	14%
		245	3%
1.22	5.6	551	17%
		551	17%
26	1.1	1845	18%
48	5.0	25	12%
40	4.6	149	13%
88	5.9	1675	15%
		210	17%
120	7.4	891	15%
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**AMERICA**  
as of close of tra  
day, February 2

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## MONDAY SPORTS

## U.S. and West Germany Sweep to Victory



Henri Leconte, arguing the last-game call that saved Australia's Wally Masur from break point.

## Sweden-Italy Tied, Call Angers French

Compiled by Our Staff From Dispatches  
Jonas Svensson lost the first set to Omar Camporese, then came roaring back Sunday to keep Sweden's hopes alive against Italy, but their Davis Cup tennis competition in Cagliari, Sardinia, was forced into a fourth day when darkness halted the final singles match, between Italy's Paolo Canale and Mats Wilander of Sweden.

## DAVIS CUP

Wilander of Sweden, with each having won two sets.

Earlier, the United States and West Germany had swept into the quarter-finals of the World Group by winning their first three matches in the best-of-five competition. Sunday, Australia beat France on a hotly disputed call and Austria got past Spain when Thomas Muster won his second singles match. New Zealand ousted Yugoslavia on Saturday. (See Scoreboard)

West Germany will play Argentina in the next round, while the United States will meet Czechoslovakia. Austria will play Italy.

Svensson's victory gave Sweden a 2-2 tie and brought the competition down to the final singles.

Cane, cheered on by the home fans, won the first set, 6-4, 6-4, but the Italian had rallied to win the fourth, 7-5, when the match was called. It is to be resumed Monday.

Svensson had to win to keep Sweden in contention after Italy won Saturday's doubles for a 2-1 lead.

The Swede lost the first set, 6-7 (2), but then swept the next three, 6-1, 6-3, 6-1, on the slow clay courts.

He continued the match from the baseline while Camporese was clearly feeling the effects of his five-set loss to Wilander in a match that began Friday and ended Saturday.

In Perth, Wally Masur beat Henri Leconte of France, 6-4, 3-6, 6-3, 2-6, 6-4, in the first of the reverse singles.

Leconte was broken in the fifth game of the final set, but saved three match points on Masur's serve in the last game with two sizzling backhand returns and a powerful forehand.

Leconte also had two break points in the final game, and after Masur saved the first, the Frenchman was stunned on the next when the chair umpire, Fran McDowell of the United States, overruled an out call on a serve by the Australian.

McDowell asked for another first serve, but when the Australian protested, McDowell called it an ace.

A furious Leconte and the French team's captain, Patrice Dominguez, protested at length, but the decision stood and Masur, back at deuce, served out the match.

Leconte, 26, sat in his outside chair with a towel draped over his head as Dominguez consoled him for several minutes.

"The ball was on the line but long," said Leconte later. "She made a mistake, it was a very bad call. It's good for Australia but bad for the game. Even the match supervisor, Ken Farrar, told Patrice he was sorry she did it on break point."

Masur agreed that the umpire had not responded to the incident well. "She really didn't handle the situation very well," he said. "I didn't see if the ball was in or out, but

once she had overruled she had to give the point to me. It always seems to happen on the big points. At the end of the match, I didn't feel elated, I just thought, 'Phew, thank God that's over.'"

The players who got the United States into the quarterfinals by beating Mexico in Carlsbad, California, may not make the trip to Czechoslovakia.

In their first Davis Cup match, Rick Leach and Jim Pugh clinched

the first-round victory over Mexico on Saturday by beating Jorge Lozano and Leonardo Lavalle, 6-4, 6-7, 7-5, 6-1. They had replaced Davis Cup mainstays Ken Flach and Robert Seguso, who were 10-0 before losing in the semifinals against West Germany last year.

The team's captain, Tom Gorman, also offered no assurances to Brad Gilbert and Jay Berger, who swept Friday's singles matches.

Gilbert, who beat Lavalle in straight sets, had replaced the injured Michael Chang and Berger, who topped Lozano in four sets, was a substitute for Aaron Krickstein.

Muster gave Austria a 3-1 lead in Barcelona by overpowering Sergio Bruguera, 7-5, 6-1, 7-6 (7-2), on Sunday.

Spain's defeat aggravated a split between some of the players, including the top-ranked Emilio Sanchez, and the coach, Manuel Orantes. Orantes threatened to resign after the matches ended.

Muster, who played five sets Saturday, when he and Alexander Antonitsch lost a doubles match to Sanchez and Sergio Cassal, seemed to tire after going up 4-1 in the first set. But after Bruguera broke him twice, then won his own serve on straight points to tie the 5-5, the 22-year-old left-hander broke down to win the next two games and the set.

Czechoslovakia advanced Saturday when Milan Strejcek and Petr Korda defeated Jakob Hlasek and Heinz Gunthardt in Prague, but they needed almost three hours to defeat the Swiss players, with the third and fourth sets going to tie-breakers. (AP, Reuters)

## Track Squabbles Mark End of 'Friendly Games'

The Associated Press

AUCKLAND, New Zealand — For the second time in a row, they fell short of their billing as the "Friendly Games."

The Commonwealth Games ended Saturday with a glittering pageant that brought cheers from 35,000 spectators, including Queen Elizabeth II. But like its predecessor four years ago, the event will be remembered more for its problems than its performances.

In Edinburgh, it was a boycott by 32 of the 58 eligible nations. In Auckland, it was drug abuse as three weightlifters, two Welshmen and an Indian, tested positive.

Andrug weren't the only issue. Ni-

geria and Zimbabwe made and then withdrew threats to walk out over an unofficial tour to South Africa by English cricketers.

The unfriendly mood resurfaced on the final afternoon, when one of the world's best-known runners, John Walker, made a sad and angry exit.

Walker, 38, in his last appearance for New Zealand, tangled with Pat Scammell in the 1,500 meters, finished last and launched a scathing attack on the Australian.

"He just stopped running and I hit the back of his heel," said Walker, an Olympic champion and former mile world record-holder. "This is nothing new for Scammell. He decks everyone in Europe as well."

Scammell threw his bag to the

ground when told Walker had blamed him. "I got tripped from behind," he said.

Still, the incident also produced a moment worthy of the games' label. The winner, England's Peter Elliott, went to Walker after the race and invited him to share the lap of honor.

With the victory, Elliott, the Olympic silver medalist, stepped out of the shadow of two former rivals, Steve Cram and Sebastian Coe, to win his first major title.

He took the lead with 400 meters to go and held off Wilfred Kirochi of Kenya. (See Scoreboard)

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Englishman said. "I was always frightened I would retire from athletics never being a champion."

The final day will be another controversy when an appeal by the Australian, English and Trinidad and Tobago teams against their disqualification from the men's 1,600-meter relay was rejected.

Their baton changes in a heat Friday had been ruled outside the allowed area.

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